



State of Wisconsin
2023 - 2024 LEGISLATURE

LRB-5514/1
ARG:amn

2023 ASSEMBLY BILL 1031

January 30, 2024 - Introduced by Representatives RETTINGER, O'CONNOR and MYERS, cosponsored by Senators FEYEN, TOMCZYK and TAYLOR. Referred to Committee on Financial Institutions.

AUTHORS SUBJECT TO CHANGE

1 **AN ACT to repeal** 215.03 (6), 215.21 (2), 215.25 and 215.26 (5); and **to amend**
2 215.02 (11) (a), 215.02 (14) (a), 215.13 (39), 215.21 (5) (a), 215.21 (14), 215.21
3 (15), 215.21 (28), 215.33 (4), 215.51 (2) and 215.71 (2) of the statutes; **relating**
4 **to:** operations of state-chartered savings and loan associations.

Analysis by the Legislative Reference Bureau

This bill makes changes relating to the authorized activities of state-chartered savings and loan (S&L) associations.

Under current law, the Division of Banking (division) in the Department of Financial Institutions regulates S&L associations. Current law specifies various authorized activities, restrictions, and requirements applicable to S&L associations.

The bill makes the following changes related to these authorized activities, restrictions, and requirements:

1. Current law authorizes an S&L association to make mortgage loans but limits the lending area of an S&L association to a radius of 100 miles of the S&L association's home office. In general, an S&L association may establish branch offices within its lending area. The bill eliminates the lending-area restriction on an S&L association and, consequently, the limitation that a branch office must be located within the lending area.

2. Current law limits an S&L association's aggregate of mortgage loans to a single borrower to 10 percent of the association's aggregate of savings accounts or its net worth, whichever is less. The bill instead limits the aggregate of mortgage loans to a single borrower to 10 percent of the S&L association's assets.

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3. Current law authorizes an S&L association to sell mortgage loans and also to service these loans for the purchaser under a servicing agreement, but the division may establish a limit on the aggregate of loans sold in a calendar year. The bill eliminates the division's authority to establish limits on the aggregate of mortgage loans sold.

4. Current law authorizes an S&L association to make or invest its funds in certain secured loans originated and serviced by or through a federally insured financial institution, in an aggregate amount not exceeding 10 percent of the S&L association's assets. This bill increases the permissible aggregate amount from 10 percent to 20 percent of the S&L association's assets.

5. Current law requires an S&L association to file an annual report with the division that contains specified information, including a statement of condition and a statement of operations. The bill eliminates the requirement that an S&L association file an annual report with the division.

6. Current law requires an S&L association to either hire a certified public accountant or other qualified person to conduct an annual audit of its records, accounts, and affairs or appoint an auditing committee to annually audit the records, accounts, and cash of the association and to verify customer accounts. A foreign association, which is a savings and loan association chartered under another state's law and doing business in this state, is also subject to this audit requirement. The bill eliminates these audit requirements.

7. Current law requires the division to designate certain listed legal holidays as days on which an S&L association may not be open for business. The bill eliminates this provision.

8. Current law requires an S&L association's directors to convene and elect officers each year "immediately following" the association's annual meeting. The bill removes the requirement that the election be "immediately" following the meeting.

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

1 **SECTION 1.** 215.02 (11) (a) of the statutes is amended to read:
2 215.02 (11) (a) The division shall submit to the governor and the chief clerk of
3 each house of the legislature for distribution to the legislature under s. 13.172 (2) an
4 annual report on the general conduct and condition of associations doing business
5 in this state. The report shall be based upon ~~the individual annual reports of~~
6 ~~associations filed with~~ information available to the division, and shall also include
7 the information required in ss. 215.32 (7) (a), 215.56 (7) (a) and 215.76 (7) (a).

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1 **SECTION 2.** 215.02 (14) (a) of the statutes is amended to read:

2 215.02 (14) (a) Whenever extra copies of statutory reprints of this chapter, ~~the~~
3 ~~annual report of savings and loan associations~~ or any other publication published by
4 the division are requested, such extra copies shall be furnished upon payment of such
5 fee as the division determines. All such fees shall be paid by the division into the
6 general fund to the credit of the division.

7 **SECTION 3.** 215.03 (6) of the statutes is repealed.

8 **SECTION 4.** 215.13 (39) of the statutes is amended to read:

9 215.13 (39) BRANCHES. Subject to the approval of the division, any savings and
10 loan association may establish and maintain one or more branch offices ~~within the~~
11 ~~normal lending area of the home office, as defined in s. 215.21 (2),~~ in this state or in
12 any one of the regional states, as defined in s. 215.36 (1) (f). In the division's approval,
13 the division may limit the powers of the branch. Savings and loan associations may
14 promote thrift in their local schools by accepting payments in the school upon savings
15 accounts of the teachers and pupils.

16 **SECTION 5.** 215.21 (2) of the statutes is repealed.

17 **SECTION 6.** 215.21 (5) (a) of the statutes is amended to read:

18 215.21 (5) (a) The aggregate of loans that an association may make to any one
19 borrower is subject to such limits as determined and prescribed by the division and
20 review board, but not exceeding 10 percent of the ~~aggregate savings accounts or the~~
21 ~~net worth of the association, whichever is less~~ association's assets.

22 **SECTION 7.** 215.21 (14) of the statutes is amended to read:

23 215.21 (14) SELLING LOANS. Except as otherwise prescribed in s. 215.13 (22) an
24 association may sell mortgage loans, without recourse, to any person, and service
25 such loans for the purchaser in accordance with a duly executed servicing agreement.

ASSEMBLY BILL 1031**SECTION 7**

1 ~~The aggregate of loans sold in any calendar year shall not exceed such limits as may~~
2 ~~be set by the division and review board.~~

3 **SECTION 8.** 215.21 (15) of the statutes is amended to read:

4 215.21 **(15)** PARTICIPATION LOANS. Any association may participate with other
5 lenders in mortgage loans of any type that such association may otherwise make if
6 the real estate securing such loan is located within the United States, subject to such
7 rules as the division issues, including the interest in participation loans to be
8 retained by the originator. ~~The normal lending area, prescribed in sub. (2), shall not~~
9 ~~apply to any association purchasing a participating interest in such loan, provided~~
10 ~~the real estate securing such loan is located within the United States.~~

11 **SECTION 9.** 215.21 (28) of the statutes is amended to read:

12 215.21 **(28)** LOANS. Subject to the rules of the division, an association may make
13 or invest its funds in loans, originated and serviced by or through an institution, the
14 accounts or deposits of which are insured by the deposit insurance corporation or by
15 or through an approved federal housing administration mortgagee, in an aggregate
16 amount not exceeding ~~10~~ 20 percent of such association's assets on the security of real
17 estate or leasehold interests.

18 **SECTION 10.** 215.25 of the statutes is repealed.

19 **SECTION 11.** 215.26 (5) of the statutes is repealed.

20 **SECTION 12.** 215.33 (4) of the statutes is amended to read:

21 215.33 **(4)** EXAMINATION ~~AND AUDIT~~ OF FOREIGN ASSOCIATIONS. Each foreign
22 association doing business in this state shall be examined by the division as provided
23 under s. 215.03, ~~audited under s. 215.25~~ and assessed fees and costs as provided
24 under s. 215.02 (16), together with any out-of-state travel expenses incurred in the
25 course of the examination. However, the division may accept an examination to the

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1 extent permitted under s. 215.03 (2) (b) and, ~~in lieu of the requirement under s.~~
2 ~~215.25 (1), may accept as all or part of the audit, all or any part of an audit made on~~
3 ~~behalf of the agency responsible for the supervision of the foreign association in the~~
4 ~~jurisdiction in which the association is organized.~~

5 **SECTION 13.** 215.51 (2) of the statutes is amended to read:

6 215.51 (2) WHEN ELECTED. ~~Immediately following~~ Following each annual
7 meeting of members, the directors shall convene and elect general officers for the
8 ensuing year, in accordance with the bylaws.

9 **SECTION 14.** 215.71 (2) of the statutes is amended to read:

10 215.71 (2) WHEN ELECTED. ~~Immediately following~~ Following each annual
11 meeting of stockholders the directors shall convene and elect general officers for the
12 ensuing year, in accordance with the bylaws.

13 (END)