

S-L 4.08

Filed May 25, 1959

11:30 a.m.



STATE OF WISCONSIN)
 DEPARTMENT OF SAVINGS AND LOAN) SS

I, C. P. DIGGLES, Commissioner of Savings and Loan Associations and custodian of the official records of the Savings and Loan Department, do hereby certify that the annexed SECTION S-L 4.08, "LOANS IN EXCESS OF 80% OF APPRAISED VALUE", DEPARTMENTAL RULES OF THE SAVINGS AND LOAN DEPARTMENT, WISCONSIN ADMINISTRATIVE CODE, was adopted by the Commissioner on May 25, 1959, and approved by the Savings and Loan Advisory Committee on May 21, 1959, after a public hearing held on May 21, 1959.

I further certify that publication of SECTION S-L 4.08, DEPARTMENTAL RULES OF THE SAVINGS AND LOAN DEPARTMENT, WISCONSIN ADMINISTRATIVE CODE, will be made in the WISCONSIN REGISTER of June, 1959, and that said rule will become effective on July 1, 1959.

I further certify that said copy has been compared by me with the original on file in this Department and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Department at the State Office Building, in the City of Madison, this 25th day of May, A.D., 1959.



C. P. Diggles
 C. P. Diggles, Commissioner of Savings and Loan Associations

SAVINGS AND LOAN DEPARTMENT
STATE OF WISCONSIN

ORDER NO. 38

IN THE MATTER of prescribing rules and regulations, pursuant to authority contained in Section 215.53 (3), Wisconsin Statutes, for conducting the business of Savings and Loan Associations operating under Chapter 215, Wisconsin Statutes.

WHEREAS, The Commissioner of Savings and Loan Associations finds it necessary to create a new section of Chapter 4 of the Rules of the Savings and Loan Department, Wisconsin Administrative Code, due to changes and new developments of general business practices,

NOW, THEREFORE, IT IS ORDERED:

That Section S-L 4.08, "LOANS IN EXCESS OF 80% OF APPRAISED VALUE" be created to read as:

S-L 4.08 LOANS IN EXCESS OF 80% OF APPRAISED VALUE. (1) TYPE OF ELIGIBLE REAL ESTATE SECURITY. Any association may exceed the 80% maximum loan ratio to appraised value of the improved real estate security, as imposed by Sec. S-L 4.01 (3), Wisconsin Administrative Code, when such loans are secured by existing improved real estate not exceeding 20 years of age consisting of either, single family residential units or 2 family residential units.

(2) WHEN PERMITTED. Loans may be made pursuant to the permissive authority of this section when the aggregate of the association's general reserves and undivided profits is equal to or in excess of 5% of the share capital.

(3) MAXIMUM LOAN RATIO. No loan, made pursuant to the provisions of this section on eligible real estate 20 years or less in age, shall exceed 90% of the appraised value of the improved real estate security, or 90% of the purchase price, whichever is lower.

(a) The maximum loan on a single family residential unit shall in no event exceed \$18,000.

(b) The maximum loan on 2 family residential units shall in no event exceed \$24,000.

(c) No additional advances, under the open-end provisions of the mortgage instrument, shall be made while the unpaid balance of the loan exceeds 80% of the appraised value.

(d) Any additional advance, which may be granted after the loan balance is less than 80% of the appraised value, shall in no event increase the borrowers total unpaid debt in excess of 80% of the appraised value as determined when the original loan was granted.

(4) AGGREGATE OF LOANS IN EXCESS OF 80% OF APPRAISED VALUE. (a) The aggregate of all loans in excess of 80% of the appraised value of the improved real estate security shall not exceed 10% of the share capital of the association.

(b) Whenever the aggregate of mortgage loans, made pursuant to the provisions of this section, is less than 10% of the share capital of the association, as a result of loan repayments, the association may then resume granting loans under the provisions of this section.

(c) Whenever the unpaid balance of any loan, granted under the provisions of this section, is reduced to 80% of the appraised value of the improved real estate security, then such loan is removed from the 10% aggregate of such loans described in par. (a) above.

(5) MANDATORY ADDITIONAL SECURITY. (a) That portion of any loan in excess of 80% of the appraised value of the improved real estate security shall be further secured by such additional acceptable collateral, as defined in par. (c) below, or mortgage insurance, or both, as may be determined by the board of directors of the association. Nothing in this subsection shall be deemed to prevent any association from demanding that borrowers further secure their loans with additional collateral

or mortgage insurance, or both, in such percentages or amounts as determined and approved by the board of directors. The term, mortgage insurance, as used herein, shall be defined as insurance which shall indemnify the association against loss or default of the borrower's contractual payments as specified in the mortgage note.

(b) Incumbered improved real estate, vacant lots and vacant lands are not eligible as additional collateral for loans granted pursuant to the provisions of this section.

(c) Additional collateral, acceptable for loans made pursuant to the provisions of this section, may consist of:

1. The cash surrender value of a policy of insurance on the life of any person who is a party to or responsible for the payment of the mortgage note.

2. United States Government negotiable securities, "E" Bonds excluded.

3. Bonds, notes or other evidences of indebtedness which are a general obligation of any city, town, village, county or school district in this state.

4. Shares of state-chartered and federally-chartered savings and loan associations, doing business in this state, including shares of mortgagee association.

5. Shares of savings and loan associations, located outside of the State of Wisconsin, which are insured by the Federal Savings and Loan Insurance Corporation.

(d) Personal guarantors on the mortgage note are not considered as additional collateral to loans granted pursuant to the provisions of this section.

(6) OTHER REQUISITES. No loan in excess of 80% of the appraised value of the improved real estate security shall be made unless the following conditions are met:

(a) That no part of the single family residence or the 2 family residence is to be used for business purposes.

(b) That the parcel of land on which the single family residence or the 2 family residence is situated has no other residential, combination-home-and-business, or other-than-home type properties located upon it.

(c) That the association obtain a signed statement from the applicant borrower showing that:

1. The purpose of the loan is to purchase a home.
2. The entire proceeds of the loan will be used only to complete the purchase of a home.
3. The property, if a single family residence, being purchased, is or will be occupied by the applicant borrower as a dwelling.
4. One of the residential units of a 2 family residence, which is being purchased is or will be occupied by the applicant borrower as a dwelling.

(d) That the association obtain a duplicate copy of a purchase agreement, executed by both, the vender and applicant borrower, showing:

1. The purchase price of the improved real estate security.
2. The items comprising such purchase price.
3. The approximate year in which the house was constructed.

(e) That the association, prior to loan approval, secured a written credit report on the applicant borrower to determine his credit standing and his financial ability to undertake and pay off the obligation in accordance with the terms of the mortgage note.

(f) The applicant borrower, in addition to the contractual payment of interest and principal, agrees to pay the association monthly in advance an amount sufficient to take care of 1/12th of the last known annual real estate taxes, and 1/12th of the annual hazard insurance premiums.

(7) FORFEITURE PROVISION. The board of directors of an association may declare a loan, made pursuant to the provisions of this section, due and payable and commence legal proceedings to enforce collection, whenever any of the following conditions exist while the unpaid balance of the loan exceeds 80% of the appraised value of the improved real estate security:

(a) Title to the real estate securing that loan has been conveyed to another person, or

(b) The borrower ceases to be an occupant of the property.

IT IS FURTHER ORDERED, that this Order No. 38, adopted pursuant to the provisions of Chapter 227, Wisconsin Statutes, shall be in effect on the first day of the subsequent month following publication thereof by the Revisor of Statutes.

Dated this 25th day of May, 1959.



C. F. Diggles, Commissioner of
Savings and Loan Associations

This order was approved by the Savings and Loan Advisory Committee on May 21, 1959, after a public hearing on that date.