

(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.

History: Cr. Register, June, 1959, No. 42, eff. 7-1-59; am. (3) (a) and (3) (b), Register, June, 1961, No. 66, eff. 7-1-61.

S-L 4.09 Mortgage loans secured by improved real estate and shares of savings and loan associations. (1) Any association may make mortgage loans which exceed the maximum loan ratios prescribed in subsections 215.22 (6) (b) and 215.22 (10), Wis. Stats., and Wis. Adm. Code subsections S-L 4.01 (3) (a) and (b) and S-L 4.05 (3), when the excess portion of such mortgage loan is further secured by participation value of shares of any state-chartered or federally-chartered savings and loan association doing business in Wisconsin or the participation value of shares of any savings and loan association, located outside of the state of Wisconsin, whose members' share accounts are insured by the Federal Savings and Loan Insurance Corporation.

(2) The maximum amount of any mortgage loan, made pursuant to the provisions of this section, may be made up to but shall not exceed the appraised value of the improved real estate security.

(3) The savings and loan shares, pledged as additional collateral to any mortgage loan made pursuant to the provisions of this section, may be the property of any person and may be accepted at full repurchase value.

(4) Upon proper assignment of the pledged shares, a collateral trust agreement shall be executed between the borrower, the owner of the pledged shares and the mortgagee association. The trust agreement shall provide the manner and conditions under which the pledged shares may be released.

(5) The mortgage note shall contain a recitation to the effect that said loan is further secured by a collateral trust agreement of even date.

(6) No additional advances may be made on any mortgage loan, made pursuant to the provisions of this section, while the collateral trust agreement is in force.

(7) Any additional advances, made after termination of the collateral trust agreement, shall be made in such amount so as to limit the borrower's total unpaid loan balance to the maximum loan ratios cited in subsection (1) above.

History: Cr. Register, June, 1961, No. 66, eff. 7-1-61.

S-L 4.10 Participation Loans. (1) DEFINITIONS. The definitions in this section apply unless the context clearly indicates otherwise. That is to say:

(a) "Federal Savings and Loan Association" means a savings and loan association organized pursuant to an act of Congress, entitled, "Home Owners Loan Act of 1933."

(b) "Insured Bank" means a banking institution whose deposits are insured by the Federal Deposit Insurance Corporation.

(c) "Insured, State-Chartered Savings and Loan Association" means a savings and loan association organized under chapter 215, Wis. Stats., whose members' share accounts are insured by the Federal Savings and Loan Insurance Corporation.

(d) "Lenders" means:

1. Federal savings and loan associations.
2. Insured banks.
3. Insurance companies licensed to do business in this state.
4. Insured, state-chartered savings and loan associations.
5. Non-insured, state-chartered savings and loan associations.
6. Other instrumentalities or corporations owned wholly or in part by this state or the United States.

7. Tax exempt organizations operating under subsection (a) of section 501 of the Internal Revenue Code as now or hereafter in effect.

(e) "Non-insured, state-chartered savings and loan association" means a savings and loan association organized under chapter 215, Wis. Stats., whose members' share accounts are not insured by the Federal Savings and Loan Insurance Corporation.

(f) "Originating association" means a savings and loan association that has made a mortgage loan on improved real estate situated in Wisconsin and sold a participating interest therein to a lender as defined in subsection (1) (d) above.

(g) "Originating lender" means a lender, as defined in subsection (1) (d) above, that has made a mortgage loan on improved real estate situated in Wisconsin and sold a participating interest therein to another lender.

(h) "Participation loan" means a mortgage loan secured by improved real estate situated in Wisconsin, originated by a lender as defined in subsection (1) (d) above, of which a participating interest has been sold to another lender, as defined in subsection (1) (d) above, under the terms of a participation loan agreement and evidenced by a participation loan certificate.

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(i) "Purchasing association" means a savings and loan association that has purchased a participating interest in a mortgage loan on improved real estate situated in Wisconsin, from a lender defined in subsection (1) (d) above.

(j) "Purchasing lender" means a lender, as defined in subsection (1) (d) above, that has purchased a participating interest in a mortgage loan on improved real estate, situated in Wisconsin, from a lender defined in subsection (1) (d) above.

(2) **INSURED, STATE-CHARTERED SAVINGS AND LOAN ASSOCIATIONS.** (a) In addition to complying with provisions, restrictions and requirements of subsections 215.22 (1) to (10) inclusive, 215.23 and 215.235, Wis. Stats., and Wis. Adm. Code chapter S-L 4, all insured, state-chartered savings and loan associations must comply with the requirements of sections 563.9-1 and 563.9-2 of the Rules and Regulations for Insurance of Accounts. [Title 12, Code of Federal Regulations].

(b) Any insured, state-chartered savings and loan association may originate a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and within its 50 mile lending area, and sell a participating interest therein, without prior approval of the Federal Savings and Loan Insurance Corporation, to:

1. An insured, state-chartered savings and loan association.
2. A federal savings and loan association.
3. An insured bank.
4. A tax-exempt organization operating under subsection (a) of section 501 of the Internal Revenue Code as now or hereafter in effect.

(c) Any insured, state-chartered savings and loan association may originate a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and within its 50 mile lending area, and sell a participating interest therein with prior approval of the Federal Savings and Loan Insurance Corporation to:

1. Insurance companies licensed to do business in this state.
2. Non-insured, state-chartered savings and loan associations.
3. An instrumentality or corporation owned wholly or in part by this state or the United States.

(d) Any insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and within its 50 mile lending area from any lender as defined in subsection (1) (d) above.

(e) Any insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan, secured by residential type of improved real estate for not more than 4 families, situated in Wisconsin, but outside of its 50 mile lending area only from an insured, state-chartered savings and loan association or a federal savings and loan association.

(3) **NON-INSURED, STATE-CHARTERED SAVINGS AND LOAN ASSOCIATIONS.** (a) Any non-insured, state-chartered savings and loan association may originate a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and within its 50 mile lending area, and sell a participating interest therein to any lender as defined in subsection (1) (d) above.

(b) Any non-insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and within its 50 mile lending area from:

1. A non-insured, state-chartered savings and loan association.
2. An insured bank.
3. An insurance company licensed to do business in this state.
4. A tax-exempt organization operating under subsection (a) of section 501 of the Internal Revenue Code, as now or hereafter in effect.
5. An instrumentality or corporation owned wholly or in part by this state or the United States.

(c) Any non-insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and within its 50 mile lending area from an insured, state-chartered savings and loan association or a federal savings and loan association, provided that the originating association obtained prior approval for such sale from the Federal Savings and Loan Insurance Corporation.

(d) Any non-insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and beyond its 50 mile lending area from:

1. A non-insured, state-chartered savings and loan association.
2. An insured bank.
3. An insurance company licensed to do business in this state.
4. A tax-exempt organization operating under subsection (a) of section 501 of the Internal Revenue Code as now or hereafter in effect.
5. An instrumentality or corporation owned wholly or in part by this state or the United States.

(4) **APPLICABILITY OF OTHER STATUTORY PROVISIONS.** All mortgage loans made under the permissive authority of subsection 215.22 (11), Wis. Stats., shall also be subject to the provisions, restrictions and requirements of subsections 215.22 (1) to (10) inclusive, and 215.23 and 215.235, Wis. Stats., and Wis. Adm. Code chapter S-L 4.

(5) **OTHER REQUIREMENTS.** (a) *Retainage by originating lender.* The lender, as defined in subsection (1) (d) above, must retain a 50% interest in any participation loan.

(b) *Maximum participating interest purchased.* The maximum amount of the participating interest purchased by a single lender, as defined in subsection (1) (d) above, cannot exceed 50% of the mortgage loan. More than one lender may purchase participating interests in a mortgage loan, but the aggregate of such participating interests purchased shall not exceed 50% of the mortgage loan.

(c) *Mortgage and mortgage note of participation loans.*

1. The mortgage and mortgage note of any participation loan shall contain only the name of the originating association or other originating lender as the "Mortgagee".

2. The mortgage and mortgage note of any participation loan, along with other related documents, shall be retained by the originating association or other originating lender.

(d) *Participation loan agreement.* Each participation loan shall be evidenced by a participation loan agreement, executed and signed by both, the originating lender (originating association) and the purchasing lender (purchasing association). The participation loan agreement shall be in such form as determined by the attorneys of the participants concerned.

(e) *Participation loan certificate.* Each participation loan shall be evidenced by a participation loan certificate, executed and signed by both, the originating lender (originating association) and the purchasing lender (purchasing association), and shall essentially contain the following information:

1. Identification number.
2. Name of borrower.
3. Address of property securing the loan.
4. Appraisal value of property securing the loan.
5. Original amount of loan.
6. Unpaid principal balance.
7. Interest rate and term of loan.
8. Contractual monthly payment.
9. Recording date of mortgage.
10. Document number of mortgage recordation and volume and page number of records.

(f) *Mortgage loan document files of originating association.* To evidence the sale of a participating interest in a mortgage loan, the loan document file shall, in addition to the note, mortgage and other related papers, contain signed copies of the Participation Loan Agreement and Participation Loan Certificate of the other participant or participants.

(g) *Mortgage loan document files of purchasing association.* To evidence the purchase of a participating interest in a mortgage loan, the loan document file shall contain signed copies of the Participation Loan Agreement and the Participation Loan Certificate of the originating lender.

(6) GENERAL. (a) The aggregate of participation loans, consisting of the retained portion of those originated and those purchased from other lenders, except G.I. and F.H.A. loans, shall not exceed 30% of an association's total assets.

(b) Any loan made for the purposes of development of vacant tracts of land into subdivided plats or lots shall not be eligible security for participation loans.

(c) The sale of a participating interest in any mortgage loan made under the permissive authority of subsection 215.22 (11), Wis. Stats., shall be without recourse.

History: Cr. Register, September, 1961, No. 69, eff. 10-1-61.

S-L 4.20 Definitions. (1) "HOME-TYPE PROPERTY" means a property that has one or more residential units. Apartment houses, irrespective of number of residential units, are included in this classification.

(2) "COMBINATION-HOME-AND-BUSINESS-TYPE PROPERTY" means a single piece of property consisting of one or more residential units and business units. The business units may consist of stores, offices or light manufacturing enterprises.

(3) "OTHER-THAN-HOME-TYPE PROPERTY" means business or commercial property which does not have any residential units.

(4) "RESIDENTIAL UNIT" means the domicile housing one family.

(5) "IMPROVED REAL ESTATE" means a parcel of land upon which is erected or upon which it is immediately planned to erect a home-type property, combination-home-and-business-type property or other-than home-type property.

(6) "UNIMPROVED REAL ESTATE" means vacant lots or vacant lands.

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