

## Chapter S-L 4

## MORTGAGE LOANS

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**S-L 4.01 Appraisals on home-type and combination-home-and-business type properties.** (1) BY WHOM MADE. (a) All improved real estate located outside of Milwaukee county and the city of Brookfield, village of Elm Grove, town of Brookfield and city of New Berlin, Waukesha county, offered as security for mortgage loans, whether with existing structures or upon which new construction is anticipated, shall be appraised by the association's appraisal committee, except that any eligible real estate offered as security for a loan in excess of \$50,000 shall be appraised by appraisers approved by the commissioner.

(b) All improved real estate in Milwaukee county and in the city of Brookfield, village of Elm Grove, town of Brookfield and city of New Berlin in Waukesha county, offered as security for mortgage loans, whether with existing structures or upon which new construction is anticipated, shall be appraised by an independent appraiser approved by the commissioner operating through an approved appraisal bureau also approved by him.

(2) BASIS OF APPRAISALS. All appraisals shall be based upon reasonable market value of the improved real estate pledged as collateral security.

(3) MAXIMUM LOAN RATIO TO APPRAISED VALUE. (a) Except as otherwise provided in sections 215.22 (5), 215.22 (6) (b) and 215.22 (10), Wis. Stats., and Wis. Adm. Code sections S-L 4.05 (3), 4.08 (3) and 4.09 (2), no loan shall exceed 80% of the appraised value of the improved real estate pledged as collateral security, provided that said security consists of either a home-type property or a combination home-and-business-type property.

(b) The maximum amount loaned on any improved real estate shall be based solely on the value of improved real estate security, exclusive of the value of any type or kind of additional collateral that may be pledged to such loan, except when granting loans under permissive authority of Wis. Adm. Code section S-L 4.09 (1).

(4) DISPENSING WITH INDEPENDENT APPRAISAL REPORTS. Appraisals by independent appraisers, as required by subsection (1) (b) above, may be dispensed with when the mortgage loan does not exceed 60% of the appraised value of the improved real estate as determined by the association's appraisal committee.

(5) V.A. OR F.H.A. APPRAISALS. Official appraisals, rendered either by the veterans' administration or the federal housing administration, may be used in lieu of any of the foregoing for insured, guaranteed

or conventional loans provided such action is in compliance with the by-laws of the association.

**History:** 1-2-56; r. and recr. (4), Register, January, 1959, No. 37, eff. 2-1-59; r. and recr. (3) (a), Register, June, 1959, No. 42, eff. 7-1-59; am. (3) (a) and (3) (b), Register, June, 1961, No. 66, eff. 7-1-61; am. (1) (a) and (b), Register, February, 1962, No. 74, eff. 3-1-62; am. (1) (a), Register, March, 1962, No. 75, eff. 4-1-62.

**S-L 4.02 Opinions of title. (1) OPINIONS OF TITLE FROM ABSTRACTS.**

(a) 1. Upon the approval of a mortgage loan by the association and upon the acceptance of the loan commitment by the applicant, the association shall cause a check of the public records to be made by an abstractor or other competent person to determine incumbrances, judgments, liens and taxes for the purpose of obtaining preliminary information for the preparation of the loan file. Such preliminary file of reports shall be in writing. The preliminary opinion of title shall be made in writing by an attorney at law.

2. At the time of loan closing, after all necessary conveyances, mortgages, mortgage notes, satisfactions and releases have been executed, the association, upon information and belief contained in its preliminary title search, may disburse loan proceeds.

3. Immediately after loan closing, all deeds, mortgages, satisfactions and releases shall be recorded, and from the extension of the abstracts, describing the mortgaged premises, the association's attorney or any attorney approved by the association shall examine such abstracts and render a final opinion of title in writing advising the association that each borrower has good title, and that the association's mortgages are first liens thereon.

(b) On all real estate acquired by the association, the association's attorney shall examine such abstracts and in writing advise the association that it does have good and merchantable title.

(2) **TITLE GUARANTY POLICIES; WHEN ACCEPTABLE.** (a) 1. Upon approval of a mortgage loan by the association and upon the acceptance of the loan commitment by the applicant, the association, in lieu of opinions of title from abstracts, shall obtain a preliminary report, letter, binder or commitment to insure from the title guaranty insurance companies showing status of title, incumbrances, judgments, liens and taxes for the purpose of obtaining preliminary information for the preparation and closing of the loan.

2. At the time of loan closing, after all necessary conveyances, mortgages, mortgage notes, satisfactions and releases have been executed, the association, upon information and belief contained in preliminary reports, letters, binders or commitments to insure, may disburse loan proceeds.

3. Immediately after loan closing, all deeds, mortgage, satisfactions and releases shall be recorded, and title guaranty policies, insuring titles of borrowers and first liens to the association shall be obtained within 2 months on conventional loans and within 1 year on construction loans unless extended pursuant to section 215.22 (5) (b), Wis. Stats. Every savings and loan association shall have the discretionary right to determine whether its duly appointed attorney shall render an opinion of title on the real estate on which a title policy of insurance has been accepted by the association.

(b) In lieu of opinions of title secured from abstracts, title guaranty policies, guaranteeing good and merchantable title in the name of the association, will be acceptable on real estate acquired.