



STATE OF WISCONSIN

OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN

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I, JOHN C. SCHLOSSER, Deputy Commissioner of Savings and Loan, and custodian of the Official Records of the Office of Commissioner of Savings and Loan, do hereby certify that the annexed Order No. 77, consisting of the following Sections:

- Section 1 Repealing and recreating Chapter S-L 8
- Section 2 Repealing and recreating Chapter S-L 10
- Section 3 Repealing and recreating Chapter S-L 12
- Section 4 Repealing and recreating Chapter S-L 16
- Section 5 Repealing and recreating Chapter S-L 17
- Section 6 Creating Chapter S-L 25


Rules of the Office of the Commissioner of Savings and Loan, Wisconsin Administrative Code, was adopted by the Deputy Commissioner of Savings and Loan on March 18, 1971, and approved by the Savings and Loan Review Board on March 18, 1971, after a public hearing was held on March 18, 1971.

I further certify that publication of the annexed Order No. 77 will be made in the Wisconsin Administrative Register of April 1971, No. 184, and that the subject matter contained in Order No. 77 of the Rules of the Commissioner of Savings and Loan, Wisconsin Administrative Code, will become effective May 1, 1971.

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



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Official Seal of the Savings and Loan Commissioner, located in Room 800, State Office Building, One West Wilson Street, in the City of Madison, this 22nd day of March 1971.



John C. Schlosser
Deputy Commissioner

STATE OF WISCONSIN
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN

ORDER NO. 77

IN THE MATTER of prescribing Rules and Regulations pursuant to authority contained in Section 215.02(12)(a), Wis. Stats., for conducting the business of savings and loan associations operating under Chapter 215, Wis. Stats.

WHEREAS, a public hearing on Proposed Order No. 77 was held in Room 800, Wilson Street State Office Building, Madison, Wisconsin, on March 18, 1971.

NOW, THEREFORE, IT IS ORDERED:

That Order No. 77, consisting of the following six (6) Sections is hereby adopted to read:

SECTION 1

Chapter S-L 8 is repealed and recreated to read:

CHAPTER S-L 8

INTEREST RATES AND OTHER CHARGES IN EFFECT

S-L 8.01 Interest rates and other charges in effect. The following interest rates and other charges shall apply to loans and real estate contracts made by savings and loan associations: (1) The maximum rate charged on any loan or real estate contract shall not exceed the amount prescribed by law and as set by the board of directors of the association, and shall be computed at the rate and in accordance with the method prescribed in the note or contract. (2) Notes which contain a variable interest rate to periodically adjust interest rates by reference to an index must contain the procedure, terms and conditions authorizing the change, and the index upon which such changes are based must be an index acceptable to the commissioner. The note may not provide for an adjustment more frequently than twice in any annual period, and the borrower must be notified of each change. (3) A service charge, in such amount as

specified in the note, may be charged by the association on any mortgage loan when legal or equitable title to the mortgaged security or any part thereof is changed, which service charge, if not paid, may be added to the unpaid balance of the mortgage loan.

SECTION 2

Chapter S-L 10 is repealed and recreated to read:

CHAPTER S-L 10

SAVINGS PLANS

S-L 10.01 Savings plans. Any association may adopt savings plans that are (a) consistent with Chapter 215, Wis. Stats., (b) consistent with its bylaws, (c) approved by its board of directors, and (d) have been authorized by the commissioner and review board.

S-L 10.02 Discretionary authority of commissioner. The commissioner may for good and sufficient reasons, limit, restrict or prohibit an association's authority to issue any savings plan or rate of earnings distribution applicable thereto.

SECTION 3

Chapter S-L 12 is repealed and recreated to read:

CHAPTER S-L 12

LEGAL RESERVE

S-L 12.01 Definitions. For the purpose of this section, the following definitions apply:

(a) "Specified Assets" of an association shall consist of total assets, less 80% of the association's FHA and VA loans, and less cash, U. S. Government obligations, Federal Home Loan Bank stock, prepaid Federal Savings and Loan Insurance Corporation premiums, and prepayments to the secondary reserve (if an insured association), loans secured by the association's savings accounts, investments insured by the Federal Savings and Loan Insurance Corporation in savings accounts of other associations, loans in process, and less such other assets as may from time to time be designated by the commissioner.

(b) "Scheduled Items" include:

1. Slow loans (other than FHA or VA loans);
2. Twenty percent of slow FHA or VA loans;
3. Real estate owned and in judgment, excluding real estate owned pending transfer to an insuring or guaranteeing Federal agency and federally insured or guaranteed loans in judgment;
4. Real estate sold on contract, the principal unpaid balance of which exceeds applicable lending limitations;
5. Investment securities upon which one or more interest payments due has not been paid; and
6. Deposits in closed financial institutions or those in possession of supervisory authorities.

(c) "Net Worth" is the sum of all general reserve accounts (except specific and valuation reserves) and undivided profits.

(d) "Adjusted Net Worth" is the net worth less 20% of the scheduled items.

(e) "Legal Reserve" is the reserve defined by Section 215.24, Wis. Stats. and may also include the Federal Insurance Reserve of insured associations if so designated by the board of directors.

S-L 12.02 Insured associations. (1) Minimum periodic transfer required. Out of the net income of any period designated by the commissioner, and prior to the declaration of any earnings distribution rate, each insured association shall be required to transfer to its legal reserve a minimum percentage of said net income, the minimum requirement to be determined by the commissioner. Transfers from net income to the Legal Reserve shall be made until the association's net worth at the close of the period is equivalent to 12% of total savings capital or 10% of its specified assets, whichever is greater.

(2) Credits from prior periods. If an association has made any credit to its Legal Reserve or Federal Insurance Reserve subsequent to December 31, 1963, in excess of the applicable requirement, it may, with the approval of the commissioner, apply

such excess credit toward the requirements of subsection (1).

S-L 12.03 Non-insured associations. (1) Minimum periodic transfer required. Out of the net income of each semiannual earnings distribution period (June 30 and December 31 of each year unless an other semiannual period is approved by the commissioner), and prior to the declaration of any earnings distribution rate, each non-insured association shall be required to transfer to its Legal Reserve an amount equal to the greater of (a) 5% of said net income or, (b) subsequent to June 30, 1971, an amount equal to the lesser of 10% of net income or an amount sufficient to increase its total net worth to total savings capital to a minimum level at least 0.125% higher at the close of the semiannual period than at the opening of that semiannual period. Transfers from net income to the Legal Reserve shall be made until the association's net worth at the close of the semiannual period is equivalent to 12% of total savings capital or 10% of its specified assets, whichever is greater. (2) Credits from prior periods. If an association has made any credit to its Legal Reserve subsequent to December 31, 1970, in excess of the applicable requirement, it may, with the prior approval of the commissioner, apply such excess credit towards the requirements of subsection (1).

S-L 12.04 Discretionary authority of commissioner. The commissioner may, for good and sufficient reasons, require a higher level of Legal Reserve for any association and may limit, restrict or prohibit an association's authority to declare a rate of earnings distribution applicable to any or all classes of savings accounts until the higher level of legal reserve has been attained.

SECTION 1

Chapter S-L 16 is repealed and recreated to read:

CHAPTER S-L 16

LIQUIDITY REQUIREMENT

S-L 16.01 Liquidity requirement. All associations shall be subject to a minimum liquidity requirement. No association shall make or purchase any loan, other than loans secured by withdrawable savings accounts, whenever the liquidity of that

association is less than the prescribed level.

S-L 16.02 Requirements for insured associations. The liquid investments and the minimum liquidity requirement of an insured association shall be prescribed from time to time by the commissioner.

S-L 16.03 Liquid investments for non-insured associations. The investments that may be included as a portion of the liquidity of non-insured associations shall be:

(a) Cash, including cash on hand and on deposit in depository banks and subject to withdrawal on demand. (b) Time deposits in depository banks due and payable within 180 days. (c) Unpledged evidences of indebtedness issued by the United States or any agency or instrumentality of the United States which by statute are fully guaranteed as to principal and interest.

S-L 16.04 Requirements for non-insured associations. The minimum liquidity requirement shall be 7% of the total amount of the association's savings capital plus borrowings from all sources. Effective January 1, 1972, no more than 25% of the minimum liquidity requirement may be invested in obligations of the United States set forth in S-L 16.03(c) that have a remaining maturity greater than three years.

S-L 16.05 Discretionary authority of commissioner. The commissioner may, for good and sufficient reasons, require a higher minimum level of liquidity for any association.

SECTION 5

Chapter S-L 17 is repealed and recreated to read:

CHAPTER S-L 17

PROPERTY IMPROVEMENT LOANS

S-L 17.01 Property improvement loans. The maximum amount of any property improvement loan shall not exceed \$5,000 and is to be repaid in regular monthly installments within a period of eight years. Property improvement loans may not be made to any officer, director or employe of any association unless that person is the owner and occupant of the property to be improved.

S-L 17.02 Discretionary authority of commissioner. The commissioner may, for good and sufficient reasons, limit, restrict or prohibit an association's authority to invest in property improvement loans.

SECTION 6

Chapter S-L 25 is created to read:

CHAPTER S-L 25

SUPERVISORY ORDERS

S-L 25.01 Supervisory orders. (1) When issued. The commissioner may issue a supervisory order whenever he determines that an association is: (a) Violating the provisions of its articles, or bylaws, or the laws of this state, or the laws of the United States, or any lawful rule, order or regulation promulgated by the commissioner and savings and loan review board; or (b) Violating any order of the commissioner which may restrict, limit or prohibit the association from engaging in any act or practice. (2) How issued. The commissioner shall deliver a formal written order to the board of directors of the association in which the facts known to the commissioner are set forth, and shall demand the discontinuance of such practice or procedure, and whenever applicable, order the association to institute corrective action.

S-L 25.02 Review by commissioner of supervisory order. The association affected by such order may within ten (10) days after the order has been delivered to the association request a review of the findings and order before the commissioner, at which time all pertinent evidence shall be presented. The review by the commissioner shall be held within thirty (30) days of the request. Within ten (10) days after completion of the review, the commissioner, on the basis of the evidence presented and any matter of record in his office, shall either continue, modify or set aside the order.

S-L 25.03 Appeal of commissioner's decision. Any association aggrieved by the final decision rendered under S-L 25.02 may petition the review board to review

the action of the commissioner, in accordance with Section 215.04(h), Wis. Stats. S-L 25.04 Stay of order during appeal. The enforcement of any order issued under this section shall automatically be stayed pending review before the commissioner. The commissioner may stay the order pending review. Further stay of the order during any subsequent appeal shall be determined by the review board.

IT IS FURTHER ORDERED, that Order No. 77 shall become a part of the Rules of the Commissioner of Savings and Loan, Wisconsin Administrative Code, effective the first day of the month following publication thereof in the Wisconsin Administrative Register for April, 1971, No. 184.



John C. Schlosser
Deputy Commissioner

This Order was approved by the Savings and Loan Review Board on March 18, 1971.