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REVISOR OF STATUTES
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Order No. 97

STATE OF WISCONSIN

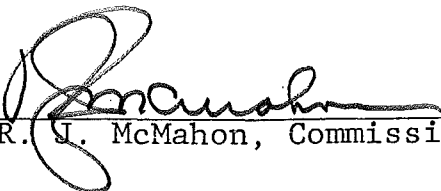
OFFICE OF COMMISSIONER OF SAVINGS AND LOAN)

I, R. J. McMahon, 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. 97, repealing and recreating chapter S-L 8 of the Rules of the Commissioner of Savings and Loan as contained in the Wisconsin Administrative Code, was adopted by the Commissioner of Savings and Loan and approved by the Savings and Loan Review Board on August 27, 1976.

I further certify that the copy of the Order annexed hereto has been compared by me with the original on file in 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 this office in the City of Madison, this 6th day of January, 1977.


R. J. McMahon, Commissioner

ORDER OF THE
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN
ADOPTING RULES

Order No. 97

IN THE MATTER OF prescribing rules pursuant to authority contained in sections 215.02 (7) and 227.014 (2) of the Wisconsin Statutes, relating to interest rates and interest adjustments.

WHEREAS, on August 27, 1976, a final draft of the following rule was approved by the Commissioner and the Savings and Loan Review Board; and

WHEREAS, official notice of the proposed rule embodied in this order was published in the Wisconsin Administrative Register for November 1976 in accordance with s. 227.02 (1) (e), Wis. Stats., and no petition for a public hearing on the proposed changes has been filed with this office during the more than 30 days that have succeeded such publication of the official notice; and

WHEREAS, on November 1, 1976, members of the appropriate standing committees of the legislature were duly notified of the proposed changes in accordance with s. 227.018 (2), Wis. Stats., and, within the more than 30 days that have succeeded such notice, no committee of the legislature has directed this office to meet with it to review the draft; now, therefore

Pursuant to authority vested in the savings and loan review board by sections 215.02 (7) and 227.014 (2) of the Wisconsin Statutes, the Commissioner of Savings and Loan hereby adopts rules as follows:

Chapter S-L 8 is repealed and recreated to read:

CHAPTER S-L 8

INTEREST RATES AND INTEREST ADJUSTMENTS

S-L 8.01 MAXIMUM INTEREST RATES. The interest rates to be charged by an association shall be determined by the association but may not exceed those permitted by statute.

S-L 8.03 NOTICE OF INTEREST ADJUSTMENTS UNDER ESCALATOR CLAUSES.

(1) SERVICE AND CONTENT. If a mortgage loan is secured by owner occupied residential property containing not more than 4 dwelling units, an association may not increase the interest rate on the loan during its term unless written notice of such increase has been given to the borrower at least 4 months before the effective date of such increase. The notice shall be mailed to the borrower at his or her last known post office address and shall clearly and concisely disclose:

- (a) The effective date of the interest rate increase;
 - (b) The increased interest rate and the extent to which the increased rate will exceed the interest rate in effect immediately before the increase;
 - (c) The amount of the borrower's contractual monthly principal and interest payment before and after the effective date of the increase;
 - (d) Any right of the borrower to voluntarily increase his or her contractual principal and interest payment;
 - (e) Whether as a result of the increase a lump sum payment may be necessary at the end of the loan term;
 - (f) Whether an additional number of monthly payments may be required;
- and
- (g) The borrower's right to prepay within 4 months without a prepayment charge.

(2) EXCEPTIONS. This section does not apply to:

(a) Any loan or forbearance to a corporation.

(b) Any interest rate increase made under the terms of a note permitting interest rate increases to be made in accordance with an index agreed upon between the borrower and the association, provided the index has been approved under section 138.55 (4) of the statutes.

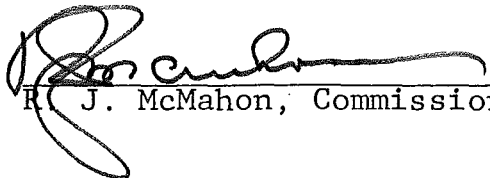
(c) Any interest rate increase occurring as a direct consequence of an act or omission of the borrower.

S-L 8.05 APPROVAL OF INDEXES USED IN VARIABLE RATE CONTRACTS.

Each index used by an association in connection with a variable rate contract and requiring the approval of the commissioner under section 138.055 of the statutes must be approved in writing.

(End)

The rule contained herein shall take effect on the first day of the month following its publication in the Wisconsin Administrative Code.


R. J. McMahon, Commissioner

January 6, 1977