

OFFICE OF COMMISSIONER OF SAVINGS AND LOAN 31

Chapter S-L 8

INTEREST RATES AND OTHER CHARGES
IN EFFECT

S-L 8.01	Interest rates and other charges in effect.	S-L 8.03	Notice of interest rate increases
S-L 8.02	Notice of interest adjustment provisions		

History: Chapter S-L 8 as it existed on April 30, 1971 was repealed, and a new chapter S-L 8 was created, Register, April, 1971, No. 184, eff. 5-1-71.

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.

History: Cr. Register, April, 1971, No. 184, eff. 5-1-71.

S-L 8.02 Notice of interest adjustment provisions. (1) WRITTEN NOTICE REQUIRED. No association may make a mortgage loan evidenced by a mortgage or mortgage note which provides for prospective changes in the rate of interest, unless it has clearly and conspicuously disclosed to the borrower in writing:

- (a) That the interest rate is prospectively subject to change;
- (b) The procedures by which the interest rate may be changed; and
- (c) Any prepayment rights of the borrower upon receiving notice of such change.

(2) TRUTH IN LENDING DISCLOSURE ACCEPTABLE. Inclusion of such disclosures in a notice provided by the association to the customer as required under federal reserve regulation Z shall be deemed compliance with this section.

History: Cr. Register, April, 1974, No. 220, eff. 5-1-74.

Register, April, 1974, No. 220

S-L 8.03 Notice of interest rate increases. (1) NOTICE REQUIRED. No association may increase the interest rate on a mortgage 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.

(2) **SERVICE AND CONTENT.** The notice required under subsection (1) shall be mailed by certified mail, return receipt requested, to the borrower at his last known post office address and shall clearly and concisely disclose:

(a) The effective date of the 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, and any right of the borrower to voluntarily increase his contractual monthly principal and interest payment.

(d) Whether as a result of the increase a lump sum payment may be necessary at the end of the loan term.

(e) Whether an additional number of monthly payments may be required.

(f) The nonpenalty prepayment rights of the borrower under section 215.21 (3) (b) Wis. Stats., upon receiving notice under this section, and the termination date, if any, of such prepayment rights.

(3) **EXCEPTIONS.** This section does not apply to any interest rate increase occurring:

(a) In accordance with the terms of a note under S-L 8.01 (2) Wis. Adm. Code; or

(b) As a direct consequence of an act or omission of the borrower.

History: Cr. Register, April, 1974, No. 220, eff. 5-1-74.