

Clearinghouse Rule 99-060

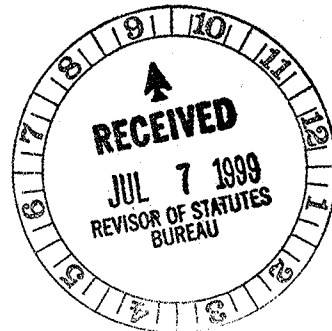
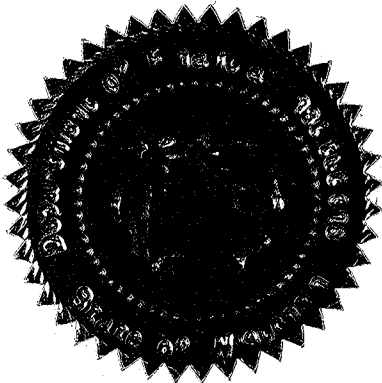
STATE OF WISCONSIN )  
 ) SS  
DEPARTMENT OF FINANCIAL INSTITUTIONS)  
DIVISION OF BANKING )

I, Michael J. Mach, Administrator, State of Wisconsin, Department of Financial Institutions, Division of Banking and custodian of the official records, certify that the annexed rule, relating to real estate mortgage loans, was duly approved and adopted by this department on July 7, 1999. I further certify that this copy has been compared by me with the original on file in this department and that it is a true copy of the original, and of the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Department of Financial Institutions, Division of Banking, in the city of Madison, this 7<sup>th</sup> day of July, 1999.



Michael J. Mach  
Administrator



9-1-99

99-60

ORDER OF THE DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF BANKING

The Wisconsin Department of Financial Institutions, Division of Banking proposes an order to repeal DFI—Bkg 7 relating to real estate mortgage loans.

Analysis Prepared by Department of Financial Institutions, Division of Banking:

Analysis: To repeal DFI—Bkg 7. Statutory authority: Ss. 220.02(2) and 227.11(2), Stats. Summary: Ch. DFI—Bkg 7 provides a definition for real estate mortgage loans and also establishes the documentation that a state-chartered bank must obtain for each real estate mortgage loan that it makes. It is the intention to repeal Ch DFI—Bkg 7 in its entirety. State-chartered banks compete with other financial institutions and non-financial institution lenders for real estate mortgage loans. The Office of Comptroller of the Currency ("OCC") regulates national banks. The OCC has no regulations regarding the required documentation of real estate mortgage loans. Likewise, no regulator establishes documentation requirements for non-financial institution lenders. In addition to real estate mortgage loans, state-chartered banks make commercial loans, installment loans, agricultural loans, and other types of loans. There are no regulations establishing documentation requirements for these other categories of loans. A one-size-fits-all approach to the documentation of real estate mortgage loans does not recognize the variety of real estate mortgage loan products available in the market, and does not allow state-chartered banks to compete on a level playing field with other lenders. Examiners of the Division of Banking will review that proper documentation is maintained for real estate mortgage loans, in accordance with the principles of safety and soundness, in the same manner that they do for other categories of loans. A specific requirement requiring this review is not needed. This review falls under the powers of the division under s. 220.04, Stats., as it relates to the examination of banks. Furthermore, under the provisions of s. 220.04(9), Stats., the division has the power to issue the appropriate orders if it finds that the bank is operating in an unsafe and unsound manner. Agency person to be contacted for substantive questions and responsible for agency's internal processing: Michael J. Mach, Administrator, Division of Banking, tel. 266-0451.

Text of the Rule.

Section 1. Ch. DFI—Bkg 7 is repealed.

This rule shall take effect on the first day of the month following publication in the Wisconsin administrative register as provided in s. 227.22(2) (intro.), Stats.

Dated: \_\_\_\_\_

7/7/99

Agency: \_\_\_\_\_

*Michael J. Mach*

Michael J. Mach, Administrator  
Department of Financial Institutions  
Division of Banking

