

Chapter S-L 4

MORTGAGE LOANS

S-L 4.01	Appraisals	S-L 4.07	Maximum amount of loans to one borrower
S-L 4.02	Opinions of title	S-L 4.08	Loans in excess of 80% of appraised value
S-L 4.03	Types of real estate unacceptable as mortgage loan security	S-L 4.09	Mortgage loans secured by improved real estate and shares of savings and loan associations
S-L 4.04	Construction loans	S-L 4.10	Participation loans
S-L 4.05	Mortgage loans secured by any type of improved real estate	S-L 4.20	Definitions
S-L 4.06	Renewal of straight mortgage loans		

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.

(3) **FILING OF OPINIONS OF TITLE AND TITLE GUARANTY POLICIES.** Written opinions of title and title guaranty policies shall be placed in the files with the other mortgage papers or the papers relative to association real estate to which they pertain.

History: 1-2-56; r. and recr. (1) (a) and (2) (a), Register, January, 1959, No. 37, eff. 2-1-59.

S-L 4.03 Types of real estate unacceptable as mortgage loans security. No savings and loan association shall, without the consent of the commissioner, make a mortgage loan on any real estate where any one of the following conditions exists:

(1) Where access to the real estate can only be obtained by means of an easement or otherwise over other real estate not pledged as security to said loan.

(2) Where said real estate does not abut on a street or lane. An alley shall not be considered as a street or lane.

(3) Where real estate is located to the rear of another parcel of real estate owned by a party or parties other than the owner of the real estate taken as security for the loan.

S-L 4.04 Construction loans. Proceeds of a loan made for the purpose of meeting the cost of constructing a building and monies deposited with an association by a member for the same purpose shall be subject to disbursement only to the borrowing member or upon a written order signed by the borrowing member or his duly authorized agent directing that payment be made to a contractor, subcontractor or material man furnishing labor and material on the property pledged as security for a loan.

S-L 4.05 Mortgage loans secured by any type of improved real estate. (1) **TYPES OF ELIGIBLE IMPROVED REAL ESTATE SECURITY.** Any association granting mortgage loans under the permissive authority of section 215.22 (10), Wis. Stats., may include the following types of improved real estate as collateral security in the 15% aggregate of such loans:

- (a) Home-type properties, when the loan exceeds \$50,000;
- (b) Combination-home-and-business-type properties, when the loan exceeds \$50,000;
- (c) Other-than-home-type properties, including:
 - 1. Properties used for manufacturing purposes;
 - 2. Theaters;
 - 3. Public halls;
 - 4. Public garages;
 - 5. Churches;
 - 6. School buildings;
 - 7. Hotels.

(2) **INELIGIBLE REAL ESTATE SECURITY.** No mortgage loan, made under the permissive authority of section 215.22 (10), Wis. Stats., can be secured by unimproved real estate, unless such real estate is pledged as additional collateral security with improved real estate. The provisions of Wis. Adm. Code section S-L 4.01 (3) (b) are applicable to unimproved real estate pledged as additional collateral security, and also apply when granting loans under permissive authority of Wis. Adm. Code section S-L 4.09 (1).

(3) **MAXIMUM LOAN RATIO TO APPRAISED VALUE.** Except as otherwise provided in section 215.22 (5), Wis. Stats. and Wis. Adm. Code section S-L 4.09 (2), no loan granted pursuant to section 215.22 (10), Wis. Stats., shall exceed 70% of the appraised value of the improved real estate offered as collateral security as fixed by an approved appraiser operating through an approved appraisal bureau or an appraiser approved by the Commissioner. The appraised value shall be the reasonable market value of the improved real estate pledged as collateral security.

(4) **OTHER STATUTORY PROVISIONS APPLICABLE.** (a) Each loan made pursuant to section 215.22 (10), Wis. Stats., is also subject to the provisions of section 215.22 (6) (a), Wis. Stats., and Wis. Adm. Code section S-L 4.07, relating to the maximum amount of loans to any one borrower.

(b) Each loan made pursuant to section 215.22 (10), Wis. Stats., and which is in excess of \$50,000 is also subject to the provisions of section 215.22 (6) (c), Wis. Stats., which limits the aggregate of loans in excess of \$50,000 to 15% of the total assets of the association.

(c) Each loan made pursuant to section 215.22 (10), Wis. Stats., on the straight mortgage plan is also subject to the provisions of section 215.22 (5), Wis. Stats., which limits the amount of loan to appraised values on existing structures (depending upon the term of the loan), and the aggregate of straight mortgage loans to 15% of the share capital of the association.

(5) **PROCEDURE AFTER 15% AGGREGATE OF MORTGAGE LOANS, SECURED BY ANY TYPE OF IMPROVED REAL ESTATE, IS REACHED.** (a) After an association has used up 15% of its assets for the making of mortgage loans pursuant to section 215.22 (10), Wis. Stats., the mortgage lending activity of the association shall be confined solely to loans on improved real estate consisting of home-type or combination-home-and-business type of properties.

(b) After an association has used up 15% of its assets for the making of mortgage loans pursuant to section 215.22 (10), Wis. Stats., any loan in excess of \$50,000, secured by home-type property or combination-home-and-business-type property, shall be subject to the 65% appraisal limitation of section 215.22 (6) (b), Wis. Stats.

(c) Whenever the aggregate of mortgage loans, made pursuant to the provisions of section 215.22 (10), Wis. Stats., is less than 15% of the total assets of the association, as a result of loan repayments, then the association may resume the making of mortgage loans on any type of improved real estate, subject to the provisions of this section.

History: 1-2-56; am. (2) and (3), Register, June, 1961, No. 66, eff. 7-1-61.

S-L 4.06 Renewal of straight mortgage loans. Any savings and loan association renewing or extending straight mortgage loans, pursuant to the provisions of section 215.22 (5), Wis. Stats., shall follow the following procedure:

(1) The borrower shall request in writing his desire for an extension of his mortgage. Such application shall identify the mortgage sought to be renewed or extended and shall state the additional time desired, and shall be signed by the borrower.

(2) The board of directors shall formally approve or disapprove such application, stating the time granted for which the mortgage is renewed or extended, and the rate of interest to be paid.

(3) If the board of directors shall approve such application, an "extension of mortgage" form shall be executed by the borrower and the association in such form as shall enable it to be recorded in the office of the register of deeds.

S-L 4.07 Maximum amount of loans to one borrower. The aggregate of loans to any one borrower shall consist of any loans made directly to him and to any corporation of which he is an officer, director or shareholder. The total amount of such loans shall be subject to the limitations prescribed in section 215.22 (6) (a), Wis. Stats.

S-L 4.08 Loans in excess of 80% of appraised value. (1) **WHEN PERMITTED.** Any association, whose aggregate of general reserves and undivided profits is equal to or in excess of 3% of total assets, may make loans pursuant to the permissive authority of this section.

(2) **TYPE OF ELIGIBLE SECURITY.** Any association may exceed the 80% maximum loan ratio to appraised value of real estate security, as imposed by subsection S-L 4.01 (3), Wis. Adm. Code, when such loans are secured by real estate consisting of either, single family residential units or 2 family residential units, provided that the premises be occupied in whole or in part by the borrower as his dwelling.

(3) **PURPOSE OF LOANS.** Any loan made under the provisions of this section may be for any purpose including, but not limited to, the following:

- (a) Purchase of an existing structure.
- (b) Financing construction of a structure for subsequent sale to a bona-fide purchaser.
- (c) Financing of construction of structure for an owner-occupant.
- (d) Refinancing of existing indebtedness.

(4) **MAXIMUM LOAN RATIO.** No loan, made pursuant to the provisions of this section shall exceed 90% of the appraised value of the real estate security, provided that:

(a) The maximum loan on a single family residential unit shall in no event exceed \$27,000.

(b) The maximum loan on a 2 family residential unit shall in no event exceed \$33,000.

(c) No additional advances, under the open-end provisions of the mortgage instrument, shall be made while the unpaid balance of the loan exceeds 80% of the appraised value.

(d) Any additional advance, which may be granted after the unpaid balance is less than 80% of the appraised value, shall in no event increase the borrower's total unpaid loan balance to an amount exceeding 80% of the appraised value as determined when the original loan was granted.

(5) **MANDATORY ADDITIONAL SECURITY.** (a) That portion of any loan in excess of 80% of the appraised value of the real estate security shall be further secured by such additional acceptable collateral, as defined in subsection (5) (b) below, or mortgage insurance, or both, as may be determined by the board of directors of the association.

Nothing in this subsection shall be deemed to prevent any association from demanding that borrowers further secure their loans with additional collateral, or mortgage insurance, or both, in such percentages or amounts as determined and approved by the board of directors. The term, mortgage insurance, as used herein, shall be defined as insurance which shall indemnify the association against loss or default of the borrower's contractual payments as specified in the mortgage note.

(b) Additional collateral, acceptable for loans made pursuant to this section, may consist of:

1. The cash surrender value of a policy of insurance on the life of any person who is a party to or responsible for the payment of the mortgage note.

2. United States Government securities, "E" bonds excluded.

3. Bonds, notes or other evidences of indebtedness which are a general obligation of any city, town, village, county or school district of this state.

4. Shares of state-chartered and federally chartered savings and loan associations, doing business in this state, including shares of mortgagee association.

5. Shares of savings and loan associations, located outside of the State of Wisconsin, which are insured by the Federal Savings and Loan Insurance Corporation.

(c) Incumbered real estate, vacant lots, vacant lands and personal guarantors on the mortgage note are not eligible as additional collateral to loans granted pursuant to this section.

(6) OTHER REQUISITES. No loan in excess of 80% of the appraised value of the real estate security shall be made unless the following conditions are met:

(a) That no part of the single family residence or the 2 family residence is to be used for business purposes.

(b) That the parcel of land on which the single family residence or 2 family residence is situated has no other residential, combination-home-and-business, or other-than-home type property located upon it.

(c) No additional financing, other than the association's mortgage, has been agreed upon by the borrower.

(7) AGGREGATE OF LOANS IN EXCESS OF 80% OF APPRAISED VALUE.

(a) The aggregate of all loans in excess of 80% of the appraised value of real estate shall not exceed 20% of the association's total assets.

(b) Whenever the aggregate of loans, made pursuant to the provisions of this Section, is less than 20% of the association's total assets as a result of loan repayments, the association may then resume granting loans under the provisions of this Section.

(c) Whenever the unpaid balance of any loan, granted under the provisions of this Section, is reduced to 80% of the appraised value of the real estate, then such loan is removed from the 20% aggregate of such loans described in subsection (7) (a) above.

(8) GENERAL. On loans made for the purposes of financing construction, as defined in subsection (3), (b) and (c) above, the following must be observed by the association:

(a) The aggregate of loan proceeds disbursed up to the completion of construction shall not exceed 80% of the appraised value of the real estate.

(b) The amount of such loan in excess of 80% of the appraised value of the real estate shall not be disbursed until:

1. Construction has been fully completed, and
2. The property has been occupied by the borrower as a dwelling.

(9) **FORFEITURE PROVISIONS.** The board of directors of an association may declare a loan, made under the provisions of this section, due and payable and commence legal proceedings to enforce collection whenever any of the following conditions exist while the unpaid balance of the loan exceeds 80% of the appraised value of the real estate:

(a) Title to the real estate securing that loan has been conveyed to another person, or

(b) The borrower ceases to be an occupant of the property.

History: Cr. Register, June, 1959, No. 42, eff. 7-1-59; am. (3) (a) and (3) (b), Register, June, 1961, No. 66, eff. 7-1-61; r. and recr. Register, May, 1962, No. 77, eff. 6-1-62.

S-L 4.09 Mortgage loans secured by improved real estate and shares of savings and loan associations. (1) Any association may make mortgage loans which exceed the maximum loan ratios prescribed in subsections 215.22 (6) (b) and 215.22 (10), Wis. Stats., and Wis. Adm. Code subsections S-L 4.01 (3) (a) and (b) and S-L 4.05 (3), when the excess portion of such mortgage loan is further secured by participation value of shares of any state-chartered or federally-chartered savings and loan association doing business in Wisconsin or the participation value of shares of any savings and loan association, located outside of the state of Wisconsin, whose members' share accounts are insured by the Federal Savings and Loan Insurance Corporation.

(2) The maximum amount of any mortgage loan, made pursuant to the provisions of this section, may be made up to but shall not exceed the appraised value of the improved real estate security.

(3) The savings and loan shares, pledged as additional collateral to any mortgage loan made pursuant to the provisions of this section, may be the property of any person and may be accepted at full repurchase value.

(4) Upon proper assignment of the pledged shares, a collateral trust agreement shall be executed between the borrower, the owner of the pledged shares and the mortgagee association. The trust agreement shall provide the manner and conditions under which the pledged shares may be released.

(5) The mortgage note shall contain a recitation to the effect that said loan is further secured by a collateral trust agreement of even date.

(6) No additional advances may be made on any mortgage loan, made pursuant to the provisions of this section, while the collateral trust agreement is in force.

(7) Any additional advances, made after termination of the collateral trust agreement, shall be made in such amount so as to limit the borrower's total unpaid loan balance to the maximum loan ratios cited in subsection (1) above.

History: Cr. Register, June, 1961, No. 66, eff. 7-1-61.

Register, May, 1962, No. 77

S-L 4.10 Participation Loans. (1) **DEFINITIONS.** The definitions in this section apply unless the context clearly indicates otherwise. That is to say:

(a) "Federal Savings and Loan Association" means a savings and loan association organized pursuant to an act of Congress, entitled, "Home Owners Loan Act of 1933."

(b) "Insured Bank" means a banking institution whose deposits are insured by the Federal Deposit Insurance Corporation.

(c) "Insured, State-Chartered Savings and Loan Association" means a savings and loan association organized under chapter 215, Wis. Stats., whose members' share accounts are insured by the Federal Savings and Loan Insurance Corporation.

(d) "Lenders" means:

1. Federal savings and loan associations.
2. Insured banks.
3. Insurance companies licensed to do business in this state.
4. Insured, state-chartered savings and loan associations.
5. Non-insured, state-chartered savings and loan associations.
6. Other instrumentalities or corporations owned wholly or in part by this state or the United States.

7. Tax exempt organizations operating under subsection (a) of section 501 of the Internal Revenue Code as now or hereafter in effect.

(e) "Non-insured, state-chartered savings and loan association" means a savings and loan association organized under chapter 215, Wis. Stats., whose members' share accounts are not insured by the Federal Savings and Loan Insurance Corporation.

(f) "Originating association" means a savings and loan association that has made a mortgage loan on improved real estate situated in Wisconsin and sold a participating interest therein to a lender as defined in subsection (1) (d) above.

(g) "Originating lender" means a lender, as defined in subsection (1) (d) above, that has made a mortgage loan on improved real estate situated in Wisconsin and sold a participating interest therein to another lender.

(h) "Participation loan" means a mortgage loan secured by improved real estate situated in Wisconsin, originated by a lender as defined in subsection (1) (d) above, of which a participating interest has been sold to another lender, as defined in subsection (1) (d) above, under the terms of a participation loan agreement and evidenced by a participation loan certificate.

(i) "Purchasing association" means a savings and loan association that has purchased a participating interest in a mortgage loan on improved real estate situated in Wisconsin, from a lender defined in subsection (1) (d) above.

(j) "Purchasing lender" means a lender, as defined in subsection (1) (d) above, that has purchased a participating interest in a mortgage loan on improved real estate, situated in Wisconsin, from a lender defined in subsection (1) (d) above.

(2) **INSURED, STATE-CHARTERED SAVINGS AND LOAN ASSOCIATIONS.**

(a) In addition to complying with provisions, restrictions and requirements of subsections 215.22 (1) to (10) inclusive, 215.23 and 215.235, Wis. Stats., and Wis. Adm. Code chapter S-L 4, all insured, state-

chartered savings and loan associations must comply with the requirements of sections 563.9-1 and 563.9-2 of the Rules and Regulations for Insurance of Accounts. [Title 12, Code of Federal Regulations].

(b) Any insured, state-chartered savings and loan association may originate a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and within its 50 mile lending area, and sell a participating interest therein, without prior approval of the Federal Savings and Loan Insurance Corporation, to:

1. An insured, state-chartered savings and loan association.
2. A federal savings and loan association.
3. An insured bank.
4. A tax-exempt organization operating under subsection (a) of section 501 of the Internal Revenue Code as now or hereafter in effect.

(c) Any insured, state-chartered savings and loan association may originate a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and within its 50 mile lending area, and sell a participating interest therein with prior approval of the Federal Savings and Loan Insurance Corporation to:

1. Insurance companies licensed to do business in this state.
2. Non-insured, state-chartered savings and loan associations.
3. An instrumentality or corporation owned wholly or in part by this state or the United States.

(d) Any insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and within its 50 mile lending area from any lender as defined in subsection (1) (d) above.

(e) Any insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan, secured by residential type of improved real estate for not more than 4 families, situated in Wisconsin, but outside of its 50 mile lending area only from an insured, state-chartered savings and loan association or a federal savings and loan association.

(3) NON-INSURED, STATE-CHARTERED SAVINGS AND LOAN ASSOCIATIONS. (a) Any non-insured, state-chartered savings and loan association may originate a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and within its 50 mile lending area, and sell a participating interest therein to any lender as defined in subsection (1) (d) above.

(b) Any non-insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and within its 50 mile lending area from:

1. A non-insured, state-chartered savings and loan association.
2. An insured bank.
3. An insurance company licensed to do business in this state.
4. A tax-exempt organization operating under subsection (a) of section 501 of the Internal Revenue Code, as now or hereafter in effect.
5. An instrumentality or corporation owned wholly or in part by this state or the United States.

(c) Any non-insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan, secured

by any type of improved real estate, situated in Wisconsin and within its 50 mile lending area from an insured, state-chartered savings and loan association or a federal savings and loan association, provided that the originating association obtained prior approval for such sale from the Federal Savings and Loan Insurance Corporation.

(d) Any non-insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and beyond its 50 mile lending area from:

1. A non-insured, state-chartered savings and loan association.
2. An insured bank.
3. An insurance company licensed to do business in this state.
4. A tax-exempt organization operating under subsection (a) of section 501 of the Internal Revenue Code as now or hereafter in effect.
5. An instrumentality or corporation owned wholly or in part by this state or the United States.

(4) **APPLICABILITY OF OTHER STATUTORY PROVISIONS.** All mortgage loans made under the permissive authority of subsection 215.22 (11), Wis. Stats., shall also be subject to the provisions, restrictions and requirements of subsections 215.22 (1) to (10) inclusive, and 215.23 and 215.235, Wis. Stats., and Wis. Adm. Code chapter S-L 4.

(5) **OTHER REQUIREMENTS.** (a) *Retainage by originating lender.* The lender, as defined in subsection (1) (d) above, must retain a 50% interest in any participation loan.

(b) *Maximum participating interest purchased.* The maximum amount of the participating interest purchased by a single lender, as defined in subsection (1) (d) above, cannot exceed 50% of the mortgage loan. More than one lender may purchase participating interests in a mortgage loan, but the aggregate of such participating interests purchased shall not exceed 50% of the mortgage loan.

(c) *Mortgage and mortgage note of participation loans.*

1. The mortgage and mortgage note of any participation loan shall contain only the name of the originating association or other originating lender as the "Mortgagee".

2. The mortgage and mortgage note of any participation loan, along with other related documents, shall be retained by the originating association or other originating lender.

(d) *Participation loan agreement.* Each participation loan shall be evidenced by a participation loan agreement, executed and signed by both, the originating lender (originating association) and the purchasing lender (purchasing association). The participation loan agreement shall be in such form as determined by the attorneys of the participants concerned.

(e) *Participation loan certificate.* Each participation loan shall be evidenced by a participation loan certificate, executed and signed by both, the originating lender (originating association) and the purchasing lender (purchasing association), and shall essentially contain the following information:

1. Identification number;
2. Name of borrower.
3. Address of property securing the loan.
4. Appraisal value of property securing the loan.

5. Original amount of loan.
6. Unpaid principal balance.
7. Interest rate and term of loan.
8. Contractual monthly payment.
9. Recording date of mortgage.
10. Document number of mortgage recordation and volume and page number of records.

(f) *Mortgage loan document files of originating association.* To evidence the sale of a participating interest in a mortgage loan, the loan document file shall, in addition to the note, mortgage and other related papers, contain signed copies of the Participation Loan Agreement and Participation Loan Certificate of the other participant or participants.

(g) *Mortgage loan document files of purchasing association.* To evidence the purchase of a participating interest in a mortgage loan, the loan document file shall contain signed copies of the Participation Loan Agreement and the Participation Loan Certificate of the originating lender.

(6) GENERAL. (a) The aggregate of participation loans, consisting of the retained portion of those originated and those purchased from other lenders, except G.I. and F.H.A. loans, shall not exceed 30% of an association's total assets.

(b) Any loan made for the purposes of development of vacant tracts of land into subdivided plats or lots shall not be eligible security for participation loans.

(c) The sale of a participating interest in any mortgage loan made under the permissive authority of subsection 215.22 (11), Wis. Stats., shall be without recourse.

History: Cr. Register, September, 1961, No. 69, eff. 10-1-61.

S-L 4.20 Definitions. (1) "HOME-TYPE PROPERTY" means a property that has one or more residential units. Apartment houses, irrespective of number of residential units, are included in this classification.

(2) "COMBINATION-HOME-AND-BUSINESS-TYPE PROPERTY" means a single piece of property consisting of one or more residential units and business units. The business units may consist of stores, offices or light manufacturing enterprises.

(3) "OTHER-THAN-HOME-TYPE PROPERTY" means business or commercial property which does not have any residential units.

(4) "RESIDENTIAL UNIT" means the domicile housing one family.

(5) "IMPROVED REAL ESTATE" means a parcel of land upon which is erected or upon which it is immediately planned to erect a home-type property, combination-home-and-business-type property or other-than home-type property.

(6) "UNIMPROVED REAL ESTATE" means vacant lots or vacant lands.