

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 from any lender, as defined in subsection (1) (d) above, a participating interest in a mortgage loan, secured by any type of improved real estate, situated in Wisconsin and within a 100 mile radius from its office.

(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 more than 100 miles from its office, 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, 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 from an insured, state-chartered savings and loan association or a federal sav-

ings and loan association, provided that the originating association obtained prior approval for such sale from the Federal Savings and Loan Insurance Corporation.

(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; r. and recr. (2)(d) and (e); r. and recr. (3)(b) and (c); r. (3)(d), Register, November, 1962, No. 83, eff. 12-1-62.

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.