

(7) **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.

(8) **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). The participation loan certificate must contain sufficient information to properly identify the security of such transaction.

(9) **MORTGAGE LOAN DOCUMENT FILES OF ORIGINATING ASSOCIATION.** To evidence the sale of a participating interest in a mortgage loan, the loan document file of the originating association shall, in addition to the note, mortgage and other related papers, contain signed copies of the participation loan agreement and the participation loan certificate of the other purchasing lender or lenders.

(10) **MORTGAGE LOAN DOCUMENT FILES OF PURCHASING ASSOCIATION.** To evidence the purchase of a participating interest in a mortgage loan, the loan document file of the purchasing association shall contain the signed copies of the participation loan agreement and the participation loan certificate of the originating lender.

(11) **AGGREGATE OF PARTICIPATION LOANS.** The aggregate of participation loans, consisting of the retained portion of those originated and participating interest purchased from other lenders shall not exceed 30% of the association's total assets, subject to the lending area restriction of 20% of loans on real estate situated more than 50 miles from the association's office, as described in Wis. Adm. Code section S-L 18.04.

(12) **INELIGIBLE SECURITY FOR PARTICIPATION LOANS.** Subdivision loans and loans to builders on fully-improved residential lots, as defined in Wis. Adm. Code subsections S-L 18.01 (8) and (9), shall not be eligible real estate security for participation loans.

(13) **SALE OF PARTICIPATING INTERESTS IN MORTGAGE LOANS.** The sale of a participating interest in any mortgage loan shall be without recourse.

(14) **APPLICABILITY OF OTHER STATUTORY AND CODE PROVISIONS.** All participation loans, whether retained portions of those originated or the participating interests purchased from other lenders, must conform to other applicable standards, requirements and restrictions as contained in Ch. 215, Wis. Stats., and the Savings and Loan section (S-L) of the Wisconsin Administrative Code.

(15) **PARTICIPATION LOANS AS JOINT MORTGAGEE WITH OTHER LENDERS.** (a) Any association may make joint loans with other lenders. Each joint mortgage shall be evidenced by a single mortgage securing the mortgage notes held by the mortgagees participating in such joint venture.

(b) All joint mortgage loans shall conform to all other requisites pertaining to location of real estate security, type of real estate security and maximum loan ratio to appraisal value.

(c) At the time of closing a joint mortgage loan, the participating lenders shall execute an agreement setting forth the following:

1. The lender who will collect escrow payments for taxes and insurance and charged with the responsibility of determining that taxes and insurance premiums are paid.

2. The person or persons delegated with the responsibility of providing the necessary insurance coverage, and the name of the lender who will hold such insurance policies.

3. The collection of monthly payments from the mortgagor and the pro-rata remittance thereof to the participating lenders.

4. Conditions precedent for foreclosure proceedings.

5. Such other matters necessary to protect the interests of all lenders participating in the joint mortgage.

**History:** Cr. Register, January, 1964, No. 97, eff. 2-1-64; r. and recr., Register, September, 1965, No. 117, eff. 10-1-65.

**S-L 18.13 Subdivision loans.** (1) **WHEN PERMITTED.** Any association whose total general reserves and undivided profits are equal to or exceed 5% of total assets, may make subdivision loans authorized by subsection 215.21 (16), Wis. Stats.

(2) **LOCATION OF REAL ESTATE SECURITY.** The land securing loans of this type shall be situated in Wisconsin and not more than 50 miles distant from the association's office.

(3) **TITLE OF REAL ESTATE SECURITY.** The title of the real estate security to all loans of this type shall be on land in fee simple.

(4) **AGGREGATE OF SUBDIVISION LOANS.** The aggregate of subdivision loans shall not exceed 5% of the association's total assets.

(5) **LOANS TO ONE BORROWER.** The total of loans made to any single borrower, for the purposes described in Subsec. 215.21 (16), Wis. Stats., shall not exceed 20% of the aggregate amount prescribed in subsection (4) above.

(6) **TYPES OF SUBDIVISION LOANS.** Subsec. 215.21 (16), Wis. Stats., permits the following types of subdivision loans:

(a) A loan, the proceeds of which will be used by the applicant borrower to acquire, develop and improve land for primarily residential use, or

(b) A loan, the proceeds of which will be used by the applicant borrower to develop and improve land, owned by him, for primarily residential use.

(7) **MORTGAGE AND MORTGAGE NOTE.** The amount of the loan specified in the mortgage and mortgage note shall not exceed 60% of the