

**S-L 18.04 Lending area.** The lending area of an association is defined as that area within a radius of 100 miles of the association's office in section 215.21 (2), Wis. Stats. Associations are limited in making mortgage loans on real estate security located more than 50 miles but not more than 100 miles from the association's office to 20% of the association's total assets. Participation loans, (see Wis. Adm. Code section S-L 18.12 (11)), secured by real estate located more than 50 miles from the association's office are a part of this 20% limitation.

**History:** Cr. Register, January, 1964, No. 97, eff. 2-1-64.

**S-L 18.05 Approved appraisers and appraisal reports.** (1) **APPROVED APPRAISERS.** (a) Any person, possessing the qualifications herein described is hereby approved by the Savings and Loan Commissioner as qualified to render appraisals on real estate securing loans described in section 215.21 (9), Wis. Stats:

1. Membership in a recognized professional appraisal group, organization or society, or

2. At least 10 years of appraisal work or possesses such training and experience which, in the opinion of the board of directors, would qualify him to make appraisals, or

3. Staff appraiser of any recognized appraisal firm, association, bureau or corporation, and who further meets the qualifications under sub-paragraphs (1) or (2) above.

(b) No approved appraiser shall render any appraisal reports to an association unless his appointment as such has been designated by name in a resolution adopted by the board of directors.

(c) Any association may, by board resolution, designate by name and employ an appraiser or appraisers, approved by the commissioner, to appraise real estate security on all loans.

(d) The association's duly appointed appraisal committee is not qualified as a committee to render appraisals pursuant to section 215.21 (9) (a), Wis. Stats. However, any member of such appraisal committee possessing the qualifications, prescribed in paragraph (a) above, may, upon proper resolution of the board of directors, render appraisals on real estate security described in section 215.21 (9) (a), Wis. Stats.

(e) The association's duly appointed appraisal committee is qualified to appraise any real estate security for loans except such real estate security as described in section 215.21 (9) (a), Wis. Stats.

(f) No approved appraiser or member of a duly appointed appraisal committee shall appraise real estate security for a loan if he has an interest in such property.

(2) **APPRAISAL REPORTS.** Each appraisal report must be signed by the appraiser, if the appraisal was made by an approved appraiser, or by a majority of the appraisal committee members if the appraisal was made by the association's appraisal committee. Each appraisal report shall set forth the value of land and improvements separately, and such other data and information to substantiate the "Reasonable Market Value" required by section 215.21 (18), Wis. Stats.

(3) **SPECIAL APPRAISALS; SPECIFIC RESERVES.** (a) The commissioner may employ independent appraisers of his own choice to reappraise

any or all of the real estate securing the loans made by the association when he determines that:

1. The association's appraisals may be excessive; or
2. The association's lending policies or procedures may be of a marginal nature, or
3. The association's appraisal policies and practices may not conform with generally accepted and professional appraisal standards; or
4. The association's assets, secured by real estate are overvalued; or
5. The association, in order to correct violations of lending restrictions relating to maximum amounts or authorized maximum ratios, reappraises the real estate securing such loans to qualify such loans as complying with prescribed amounts or maximum ratios set forth in this section, or
6. The annual supervisory examination report discloses high ratios of mortgage loan delinquencies, loan concentration secured by real estate situated in declining areas, loan concentration to speculative builders, granting of new loans or extending existing mortgage loans to speculative builders when such speculative builder is indebted to the association on completed structures which have remained unsold for an undue period time, appraisals made by the association's appraisal committee substantially exceed sales prices, the disbursement of funds on construction, loans in advance of the actual progress of construction, or any other adverse factors or trends which would tend to impair the value of the assets of the association.

(b) The cost of such appraisals shall be paid promptly by the association to the appraiser who made the appraisals.

(c) If the appraisals, as described in par. (a) above, reveal that the unpaid balance of individual loan accounts exceed the maximum amounts or ratios as set forth in this section, the association shall, at the direction of the commissioner, set up specific reserves out of current earnings, undivided profits or general reserves for each such loan account.

(d) The specific reserve, as used in this section, shall be the amount of the individual loan account balance in excess of the permissible lending limitations as set forth in Wis. Adm. Code section S-L 18.02, as determined by the reappraisal.

(e) The specific reserve shall be maintained until the unpaid balance of individual loan accounts is reduced to maximum lending limitations, amounts or ratios. After the loan has been reduced to its maximum authorized level, the specific reserve shall be transferred to undivided profits or any other general reserve account as designated by the board of directors.

**History:** Cr. Register, January, 1964, No. 97, eff. 2-1-64; cr. (3), Register, January, 1967, No. 133, eff. 2-1-67.

**S-L 18.06. Opinions of title. (1) OPINIONS OF TITLE FROM ABSTRACTS.**

(a) 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 status of title, 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.

(b) If the association is refinancing an existing mortgage and has a final opinion of title on such loan, then said final opinion of title may be accepted in lieu of a preliminary opinion of title provided that the extension of the abstract, prior to the refinancing shows that there are no unsatisfied, intervening mortgages, liens or judgments.

(c) 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.

(d) Immediately after loan closing, all deeds, mortgages, satisfactions and releases shall be recorded; thereafter the abstract, describing the mortgaged premises, shall be extended and 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.

(2) **TITLE GUARANTY POLICIES: WHEN ACCEPTABLE.** (a) 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 closing of the loan.

(b) 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 the preliminary reports, letters, binders or commitments to insure, may disburse loan proceeds.

(c) Immediately after loan closing, all deeds, satisfactions, mortgages and releases shall be recorded, and title policies insuring first liens to the association shall be obtained within 1 year on all loans made for purposes of construction, and within 2 months on mortgage loans made for purposes other than construction. 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.

(3) **TITLE SEARCH FOR INTERVENING LIENS ON ADDITIONAL ADVANCES.** (a) Prior to granting an additional advance on a mortgage loan, the association shall obtain a letter or affidavit from the attorney, abstractor or title company that the records have been checked to determine the existence of any intervening liens.

(b) If such title search reveals the existence of intervening liens, no additional advance shall be made unless subordination agreements are obtained from the holders of said liens, or the liens satisfied.

**History:** Cr. Register, January, 1964, No. 97, eff. 2-1-64.

