

Chapter S-L 18

MORTGAGE LOANS

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S-L 18.01 Classifications of real estate security. The following descriptions, as used in this section, shall further classify the types of eligible real estate security generally defined in section 215.21 (7), Wis. Stats.:

(1) "DWELLING UNIT" means a single unified combination of rooms designed for residential use by one family.

(2) "SINGLE FAMILY DWELLING" means: (a) Real estate upon which is located a structure designed for residential use by one family, or

(b) An individually owned unit designed for residential use by one family in a multiple-unit structure, the owner of which unit owns an undivided interest in the underlying real estate and the common elements of such structure. The term, "Common Elements," includes supporting walls, hallways, stairways, elevators and such other facilities as are necessary to the use and enjoyment of an individual unit.

(3) "HOME-TYPE PROPERTY" means real estate upon which there is located one or more single-family dwellings or a structure containing dwelling units for not more than 4 families in the aggregate.

(4) "COMBINATION-HOME-AND-BUSINESS-TYPE PROPERTY" means real estate upon which is located a structure used in part for residence purposes for not more than 4 families and in part for business purposes.

(5) "OTHER-HOME-TYPE PROPERTY" means real estate upon which there is located a structure or structures containing dwelling units for 5 or more families.

(6) "OTHER-COMBINATION-HOME-AND-BUSINESS-TYPE PROPERTY" means real estate upon which is located a structure or structures used in part for residence purposes for 5 or more families and in part for business purposes. This classification includes fraternity or sorority houses which have sleeping accommodations for college students, and structures used principally for providing living accommodations for students, employees or members of the staff of a college,

university, other educational institution, or hospital. Structures, known as dormitories for college students, also come within this classification.

(7) "COMMERCIAL-TYPE PROPERTY" means real estate upon which is located a structure or structures used strictly for commercial purposes. This classification also includes churches, schools, hospitals, nursing homes and homes for the aging.

(8) "SUBDIVISION PROPERTY" means vacant land that is being acquired, developed and improved, or developed and improved for residential purposes.

(9) "FULLY IMPROVED LOTS" mean vacant lots which are ready for the construction of single family dwellings or structures containing dwelling units for not more than 4 families thereon, and are pledged as security for loans to builders of homes.

(10) "VACANT LOT" means an improved or unimproved building site, upon which the borrower intends to construct and occupy as a residence, a structure containing dwelling units for not more than 4 families.

History: Cr. Register, January, 1964, No. 97, eff. 2-1-64; r. and recr. (9), Register, April, 1964, No. 100, eff. 6-1-64; am. (6) and (7), Register, January, 1966, No. 121, eff. 2-1-66; cr. (10), Register, January, 1968, No. 145, eff. 2-1-68.

S-L 18.02 Maximum loan ratios to appraised values. Except as otherwise provided in Wis. Adm. Code sections S-L 18.10 and S-L 18.11, no mortgage loan shall exceed the ratios herein set forth:

(1) **STRAIGHT MORTGAGE LOANS.** (a) Straight mortgage loans, secured by real estate with any type of structures thereon, shall conform to the maximum loan ratios prescribed in sections 215.21 (6) (b) 1 and 2, Wis. Stats.

(b) When the proceeds of a straight mortgage loan are used for the purpose of construction of homes, as described in Wis. Adm. Code sections S-L 18.01 (1) to (4), the maximum loan shall conform to the 80% loan limit prescribed in section 215.21 (6) (b), Wis. Stats.

(c) When the proceeds of a straight mortgage loan are used for the construction of structures containing dwelling units for 5 or more families, or structures used in part for residential purposes for 5 or more families and in part for business purposes as described in Wis. Adm. Code section S-L 18.01 (5) and (6), the maximum loan shall not exceed 75% of the appraised value of the real estate security.

(d) When the proceeds of a straight mortgage loan are used for the purpose of construction of a commercial type structure, as described in Wis. Adm. Code section S-L 18.01 (7), the maximum loan, regardless of amount, shall not exceed 70% of the appraised value of the real estate security.

(2) **DIRECT REDUCTION MORTGAGE LOANS.** (a) *Home-type properties and combination-home-and-business-type properties.* Any mortgage loan secured by real estate upon which is erected or upon which it is immediately planned to erect a "Home Type" structure for a single family residence or a structure for residential purposes of not more than 4 families, or a "Combination-Home-and-Business-Type" structure used in part for residential purposes for not more than 4 families,

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and in part for business purposes, shall not exceed 80% of the appraised value of the real estate security.

(b) *Other-home-type properties and other combination-home-and-business-type properties.* Any mortgage loan secured by real estate upon which is erected or upon which it is immediately planned to erect a structure designed for residential purposes for 5 or more families, or a structure used in part for residential purposes for 5 or more families and in part for business purposes, or structures consisting of fraternity houses, sorority houses, with living accommodations for college students, or structures used principally for providing living accommodations for students, employes, or members of the staff of a college, university, other educational institution, or hospital, as described in Wis. Adm. Code, section S-L 18.01 (5) and (6), shall not exceed 75% of the appraised value of the real estate security.

(c) *Commercial-type properties.* Any mortgage loan, regardless of amount, secured by real estate upon which is erected or upon which it is immediately planned to erect a "Commercial-Type" structure, as described in Wis. Adm. Code section S-L 18.01 (7), shall not exceed 70% of the appraised value of the real estate security.

(3) **SUBDIVISION PROPERTIES.** Any mortgage loan made for the purpose of financing the acquisition, development and improvement or the development and improvement of lands for primarily residential use, further described in Wis. Adm. Code section S-L 18.13, shall not exceed 60% of the appraised value of such security as of the completion of such development and improvement.

(4) **FULLY IMPROVED LOTS.** Any mortgage loan made to builders of homes, secured by fully improved lots for the future construction of home-type properties thereon, as defined in Wis. Adm. Code sections S-L 18.01 (2) (a), (3) and (4), shall not exceed 60% of the appraised value of such lots as prescribed in section 215.21 (17), Wis. Stats.

(5) **VACANT LOTS.** Any mortgage loan secured by a vacant lot, as defined in Wis. Adm. Code section S-L 18.01 (10), shall not exceed 80% of either the appraised value or the sale price of the real estate security, whichever is the lesser.

(6) **SPECIFIC RESERVES ON LOANS EXCEEDING AMOUNTS PERMITTED.** Any association granting a loan or loans in excess of the maximum amounts or ratios set forth in this section shall immediately set up a specific reserve for the excess amount loaned by a charge to its current earnings, and maintain such specific reserve until the unpaid balance of the loan reaches the maximum amount authorized. 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; r. and recr. (1) (c) and (2) (b), Register, April, 1964, No. 100, eff. 5-1-64; am. (2) (b), Register, January, 1966, No. 121, eff. 2-1-66; cr. (5), Register, November, 1966, No. 131, eff. 12-1-66; renum. (5) to be (6), and cr. (5), Register, January, 1968, No. 145, eff. 2-1-68.

S-L 18.03 Aggregate limitation of certain mortgage loan categories.

(1) **STRAIGHT MORTGAGE LOANS.** (a) The aggregate of straight mortgage loans is limited to 10% of the association's total assets by section 215.21 (6) (b) 6, Wis. Stats.

(b) Each straight mortgage loan shall remain as part of this category until fully repaid.

(c) Every straight mortgage loan, not in excess of \$100,000., secured by "Commercial-Type" property, shall also be a part of the 18% of total assets limit set for "Commercial-Type" properties in section 215.21 (7) (c), Wis. Stats., and shall be a part of both categories until fully repaid.

(d) Every straight mortgage loan in excess of \$100,000 shall also be a part of the 20% of total assets limit set for "Loans in Excess of \$100,000." in section 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid loan balance is reduced to \$100,000.

(2) LOANS SECURED BY "COMMERCIAL-TYPE" PROPERTY. (a) The aggregate of mortgage loans, secured by "Commercial-Type" property, is limited to 18% of the association's total assets by section 215.21 (7) (c), Wis. Stats.

(b) Every mortgage loan, secured by "Commercial-Type" property shall remain as part of this category until fully repaid.

(c) Every mortgage loan in excess of \$100,000., secured by "Commercial-Type" property, shall also be a part of the 20% of total assets limit set for "Loans in Excess of \$100,000." in section 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid loan balance is reduced to \$100,000.

(3) PARTICIPATION LOANS. (a) The aggregate of participation loans made under the permissive authority of section 215.21(15), Wis. Stats., consisting of the retained portion of those loans originated by the association and the participating interest in mortgage loans purchased from other lenders, shall not exceed 40% of the association's total assets. FHA or VA loans are excluded from this category.

(b) Every participation loan, whether it be that portion retained by the originating association or a participating interest purchased from other lenders, secured by "Commercial-Type" property shall also be a part of the 18% of total assets limit set for "Commercial-Type" properties in section 215.21 (7) (c), Wis. Stats., and shall remain as a part of both categories until fully repaid.

(c) Every participating interest in a mortgage loan in excess of \$100,000., whether it be that portion retained by the originating association or a participating interest purchased from other lenders, shall also be a part of the 20% of total assets limit for "Loans in Excess of \$100,000." in section 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid balance of the participating interest so retained or originated is reduced to \$100,000.

(4) SUBDIVISION LOANS. (a) The aggregate of loans, made for the acquisition, development and improvement or the development and improvement of lands for primarily residential use, under the permissive authority of section 215.21 (16), Wis. Stats., shall not exceed 5% of the association's total assets.

(b) The total amount of loans of this type that may be made to any individual developer shall not exceed one-fifth (20%) of the 5% limit prescribed in par. (a), above.

(c) Any subdivision loan in excess of \$100,000. shall also be a part of the 20% of total assets limit set for "Loans in Excess of \$100,000." in section 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid balance of the loan is reduced to \$100,000.

(5) FULLY IMPROVED LOTS. (a) The aggregate of loans, made to builders of homes on the security of fully-improved lots for the future construction of single-family homes thereon, is limited to 1% of the association's total assets by section 215.21 (17), Wis. Stats.

(b) The total amount of loans of this type that may be made to an individual builder of homes shall not exceed one-fifth (20%) of the 1% aggregate total imposed by section 215.21 (17), Wis. Stats.

(c) Any loan in excess of \$100,000., secured by fully-improved lots, shall also be a part of the 20% of total assets limit set for "Loans in Excess of \$100,000." in section 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid balance of the loan is reduced to \$100,000.

(6) VACANT LOTS. The aggregate of loans secured by vacant lots, as defined in Wis. Adm. Code section S-L 18.01 (10), shall not exceed 3% of the association's total assets.

(7) LOANS IN EXCESS OF \$100,000. (a) The aggregate of loans in excess of \$100,000., regardless of the type of real estate security or method of loan repayment, is limited to 20% of the association's total assets by section 215.21 (27), Wis. Stats.

(b) Any loan in excess of \$100,000. shall remain a part of this category until the unpaid balance of the loan is reduced to \$100,000.

(8) LOANS TO ONE BORROWER. (a) The aggregate of loans that may be made to any one borrower by an association, having total assets of \$1,000,000. or less, shall conform to the limits prescribed in section 215.21 (5), Wis. Stats. Any association, whose assets exceed \$1,000,000., may make loans to any one borrower, that in the aggregate do not exceed 10% of the association's savings capital or the association's total of general reserves and undivided profits, whichever is the lesser.

(b) In the event a borrower conveys title to his property to another person, subject to the association's mortgage, the loan shall be considered as a loan made to the original owner, and shall be included in the aggregate of loans made to him as an individual borrower.

(c) In the event a borrower conveys title to his property to another person and that other person assumes the payment of the mortgage, and the directors, by resolution, relieve the original borrower of any and all responsibility for the repayment of the loan, then such loan shall be deducted from the aggregate of loans made to him as an individual borrower.

History: Cr. Register, January, 1964, No. 97, eff. 2-1-64; r. and recr. (3) (a), Register, October, 1966, No. 130, eff. 11-1-66; renum. (6) to be (7), and (7) to be (8), and cr. (6), Register, January, 1968, No. 145, eff. 2-1-68.

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S-L 18.07 Construction loans. The proceeds of a loan made for the purpose of meeting the cost of constructing a building and monies deposited with the association by a borrowing 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, sub-contractor or material man furnishing labor and material on the property pledged as security for a loan.

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

S-L 18.08 Renewal or extension of straight mortgage loans. Any savings and loan association renewing or extending straight mortgage loans, pursuant to the provisions of subsection 215.21 (6) (b) 4, Wis. Stats., shall follow the following procedure: (1) The borrower shall request in writing his desire for an extension or renewal of his mortgage loan. Such notice 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 take formal action upon each extension and renewal request. If the board approved such application, the minutes shall state the time granted for the renewal or extension and the rate of interest to be paid.

(3) After the application for extension or renewal has been approved by the board, 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.

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

S-L 18.09 Types of real estate unacceptable as mortgage loan security. Unless the real estate pledged as security on a mortgage loan shall abut on a public right-of-way or shall have access to a public right-of-way by a recorded easement, or where real estate security is located to the rear of another parcel of real estate owned by a party other than the owner of the real estate offered as security, it shall be unacceptable as security for a mortgage loan. An alley shall not be considered a public right-of-way.

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

S-L 18.10 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) **TYPES OF ELIGIBLE SECURITY.** Any association may exceed the 80% maximum loan ratio to appraised value of the real estate security, as imposed by subsection S-L 18.02 (2), Wis. Adm. Code, when such loans are secured by real estate single family dwellings, as defined in Wis. Adm. Code subsection S-L 18.02 (2) (a) and (b), or structures designed for residential use by 2 families, provided that the premises be occupied in whole or in part by the borrower as his dwelling.

(3) **PURPOSE OF LOANS.** Loans made under the provisions of this section may be for any purpose.

(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.

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(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 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, is defined as insurance which shall indemnify the association, in whole or in part, against loss resulting from 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 an insurance policy on the life of any person responsible for the payment of the mortgage note.

2. United States government securities, "E" Bonds excluded.

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

4. Savings accounts of state-chartered and federally-chartered savings and loan associations, doing business in this state, including savings accounts of mortgage association.

5. Savings accounts 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 lands, vacant lots, personal property 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 located has no other residential, combination-home-and-business or commercial type property located upon it.

(c) That the borrower execute an affidavit or certificate stating that no additional financing other than the association's mortgage, has been agreed upon by the borrower.

(7) **GENERAL.** On loans made for the purpose of financing construction, the following must be observed by the association:

(a) The aggregate of loan proceeds 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 security shall not be disbursed until:

1. Construction has been fully completed, and

2. The property has been occupied by the borrower as a dwelling.

(8) **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 bal-

ance of the loan exceeds 80% of the appraised value of the real estate security:

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

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

History: Cr. Register, January, 1964, No. 97, eff. 2-1-64; am. (6) (c). Register, April, 1964, No. 100, eff. 5-1-64.

S-L 18.11 Mortgage loans secured by improved real estate and savings accounts of savings and loan associations. (1) Any association may make mortgage loans on the security of improved real estate, subdivision-type property and improved lots excluded, and the withdrawal value of savings and loan association savings accounts, and may exceed the maximum loan ratios prescribed in section 215.21 (6) (b), Wis. Stats. and Wis. Adm. Code sections S-L 18.02 (1) and (2), when the excess of such mortgage loan is further secured by the withdrawal value of savings accounts of any state-chartered or federally-chartered savings and loan association doing business in Wisconsin, or the withdrawal value of savings accounts of any savings and loan association located outside of the state of Wisconsin, whose members' 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 accounts, 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 withdrawal value.

(4) Upon proper assignment of the pledged savings accounts, a collateral trust agreement shall be executed between the borrower, the owner of the pledged savings accounts and the mortgagee association. The trust agreement shall provide the manner in which the pledged savings account 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 the 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, January, 1964, No. 97, eff. 2-1-64; am. (1), Register, January, 1968, No. 145, eff. 2-1-68.

S-L 18.12 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 ch. 215, Wis. Stats., whose members' savings 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 ch. 215, Wis. Stats., whose members' savings 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 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 and sold a participating interest therein to another lender.

(h) "Participation loan" means a mortgage loan secured by improved real estate, 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 and conditions 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 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 from a lender defined in subsection (1) (d) above.

(2) ORIGINATION OF MORTGAGE LOANS AND SALES OF PARTICIPATING INTERESTS THEREIN BY INSURED, STATE-CHARTERED SAVINGS AND LOAN ASSOCIATIONS.

Note: Section 215.21(2), Wis. Stats., defines the lending area of an association as that area within a radius of 100 miles of the association's office. For the purposes of this subsection, every association whose members' accounts are insured by the Federal Savings and Loan Insurance Corporation, shall also be subject to the definition and restrictions of section 561.22 of the Rules and Regulations for Insurance of Accounts, captioned, "Normal Lending Territory".

(a) Any insured, state-chartered savings and loan association may originate a mortgage loan on any type of improved real estate, as defined in Wis. Adm. Code section S-L 18.01 (3) (4) (5) (6) and (7), said real estate being located not more than 50 miles from its

(7) **OTHER REQUIREMENTS.** All loans made to builders of homes on the security of fully-improved lots shall be supported by the following documents:

(a) Name of applicant. If the applicant is a corporation, the names of the officers and shareholders of the corporation.

(b) A financial statement of the applicant to determine that the applicant has the necessary financial ability to undertake and pay off the loan obligation.

(c) A written credit report on the applicant. If the applicant is a corporation, a written credit report on the corporation, its officers and principal shareholders.

(d) A survey of the subdivision plat wherein the lots are properly identified.

(e) A statement of the applicant showing:

1. Date on which the lots were or will be purchased.

2. The cost of the lots to the applicant.

3. The types of structures that will be erected on the lots and the price range of such homes when completed.

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

S-L 18.15 Members' loans secured by vacant lots. Loans secured by vacant lots, as defined in Wis. Adm. Code section S-L 18.01 (10), made pursuant to section 215.21 (29), Wis. Stats., shall conform to the following:

(1) The amount of each loan shall not exceed 80% of either the appraised value or the sale price of the real estate security, whichever is the lesser.

(2) Each loan shall be repaid, within a period of 10 years, in regular monthly installments, to include 1/12 of the real estate taxes and special assessments.

(3) The aggregate of such loans shall not exceed 3% of the association's total assets.

(4) No association shall grant any loan secured by a vacant lot to a borrower while said borrower has any other such loan outstanding.

(5) The borrower shall execute at the time of loan closing an affidavit or certificate stating:

(a) That the borrower intends to construct on the building site offered as security, a structure to be occupied by the borrower as a residence.

(b) That the borrower has no other loans, secured by vacant lots, made pursuant to section 215.21 (29), Wis. Stats., with either the granting association or any other savings and loan association.

(c) The cost to the borrower of the real estate security and the improvements thereto, if any.

History: Cr. Register, January, 1968, No. 145, eff. 2-1-68.

S-L 18.16 FHA and GI loans. Mortgage loans, as authorized by subsection 215.21 (12), Wis. Stats., which are insured or guaranteed wholly or in part under The National Housing Act, approved June 27, 1934, or The Servicemen's Readjustment Act of 1944, U.S.P.L. 346, shall be excluded from all restrictions, categories and classifications imposed by Ch. 215, Wis. Stats., and the Savings and Loan section of the Wis. Adm. Code. This exclusion is authorized by section 219.03, Wis. Stats.

History: Cr. Register, January, 1964, No. 97, eff. 2-1-64; renum. to be S-L 18.16; Register, January, 1968, No. 145, eff. 2-1-68.

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S-L 18.17 Other required records and documents. All state-chartered savings and loan associations, whose members' accounts are insured by the Federal Savings and Loan Insurance Corporation, shall maintain such other records and documents as required in the rules and regulations for insurance of accounts.

History: Cr. Register, January, 1964, No. 97, eff. 2-1-64; renum. to be S-L 18.17, Register, January, 1968, No. 145, eff. 2-1-68.

S-L 18.18 Metropolitan area loans. (1) DEFINITIONS. For the purpose of this section, the following definitions apply:

(a) *Specified assets.* Specified assets of an association shall consist of total assets, less cash, U. S. Government obligations, Federal Home Loan Bank stock, prepaid Federal Savings and Loan Insurance premiums (if insured), loans secured by the institution's savings accounts, investments up to \$10,000 in savings accounts of other associations insured by the Federal Savings and Loan Insurance Corp., loans in process, and less 80% of the association's F.H.A. and V.A. loans.

(b) *Scheduled items.* Scheduled items of an association include:

1. Slow loans (other than F.H.A. or V.A.);
2. 20% of slow, F.H.A. or V.A. loans;
3. Real estate owned and in judgment, excluding real estate owned pending transfer to an insuring or guaranteeing federal agency and federally insured or guaranteed loans in judgment;
4. Real estate sold on contract, the principal unpaid balance of which exceed applicable lending limitations;
5. Investment securities upon which one or more interest payments due has not been paid; and
6. Deposits in closed financial institutions or those in possession of supervisory authorities.

(2) WHEN PERMITTED. Any association may make or purchase loans pursuant to the permissive authority of section 215.21 (28), Wis. Stats. if, at the close of its most recent semi-annual period, its scheduled items did not exceed 2.5% of its specified assets.

(3) LOCATION OF ORIGINATING OR SERVICING INSTITUTION. The main office or a branch office of the originating and servicing institution, or approved Federal Housing Administration mortgagee, must be located within the same metropolitan area as the real estate security.

(4) APPROVED FEDERAL HOUSING ADMINISTRATION MORTGAGEES. Any loan purchased from an approved Federal Housing Administration Mortgagee, shall be documented by said mortgagee showing:

- a. That the mortgagee is a lender approved by the Federal Housing Administration, and
- b. That the mortgagee has been continuously and principally engaged in originating and servicing loans for other lenders and investors for a period of at least 5 years.

(5) APPRAISAL REQUIREMENT. The security for each loan made or purchased, pursuant to section 215.21 (28), Wis. Stats., shall be appraised by an appraiser, designated by name in a resolution by the board of directors, in accordance with the provisions of Wis. Adm. Code section S-L 18.05 (1) (c). The association may accept the appraisal made for the approved Federal Housing Administration

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mortgagee, by resolution of the board of directors, specifically designating, by name, the appraiser who made the original appraisal.

(6) **INELIGIBLE SECURITY FOR METROPOLITAN AREA LOANS.** Subdivision loans, loans to builders on fully-improved residential lots, and loans on vacant lots, as defined in Wis. Adm. Code, sections S-L 18.01 (8), (9), and (10), shall not be eligible security for metropolitan area loans.

(7) **APPLICABILITY OF OTHER STATUTORY AND CODE PROVISIONS.** All loans made or purchased under the permissive authority of section 215.21 (28), Wis. Stats., 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 Wis. Adm. Code.

History: Cr. Register, November, 1965, No. 119, eff. 12-1-65; renum. from S-L 18.17 to be S-L 18.18; am. (6), Register, January, 1968, No. 145, eff. 2-1-68.