



STATE OF WISCONSIN

OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN

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I, R. J. MC MAHON, Commissioner of Savings and Loan, and custodian of the Official Records of the Office of Commissioner of Savings and Loan, do hereby certify that the annexed Order No. 79, consisting of the following Sections:

- Section 1 Renumbering Section S-L 18.10(9) to S-L 18.02(2)(d) and amending Section S-L 18.02(2)(d)
- Section 2 Amending Section S-L 18.03(1)(c)
- Section 3 Repealing Section S-L 18.03(1)(d)
- Section 4 Repealing Section S-L 18.03(2)(c)
- Section 5 Repealing Section S-L 18.03(3)(c)
- Section 6 Repealing Section S-L 18.03(4)(c)
- Section 7 Repealing Section S-L 18.03(5)(c)
- Section 8 Amending Section S-L 18.03(7)
- Section 9 Amending Section S-L 18.04
- Section 10 Amending Section S-L 18.10
- Section 11 Amending Section S-L 18.11
- Section 12 Creating Section S-L 18.12(1)(d)(8)
- Section 13 Amending Sections S-L 18.12(2)(3) and (4)
- Section 14 Amending Section S-L 18.12(6)
- Section 15 Amending Section S-L 18.12(12)
- Section 16 Amending Section S-L 18.13(5)
- Section 17 Amending Section S-L 18.14(3)
- Section 18 Creating Section S-L 18.20


RULES OF THE OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN, WISCONSIN ADMINISTRATIVE CODE, was adopted by the Commissioner of Savings and Loan on August 26, 1971, and approved by the Savings and Loan Review Board on August 26, 1971, after a public hearing was held on July 15, 1971.

I further certify that publication of the annexed Order No. 79 will be made in the Wisconsin Administrative Register of September 1971, No. 189, and that the subject matter contained in Order No. 79 of the Rules of the Commissioner of Savings and Loan, Wisconsin Administrative Code, will become effective October 1, 1971.

I further certify that said copy has been compared by me with the original on file at this Office and that the same is a true copy thereof, and the whole of such original.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Official Seal of the Savings and Loan Commissioner, located in Room 800, State Office Building, One West Wilson Street, in the City of Madison, this 26th day of August 1971.

  
R. J. McMahon  
Commissioner

STATE OF WISCONSIN  
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN

ORDER NO. 79

IN THE MATTER of prescribing Rules and Regulations pursuant to authority contained in Section 215.02(12) (a), Wis. Stats., for conducting the business of savings and loan associations operating under Chapter 215, Wis. Stats.

WHEREAS, a public hearing on Proposed Order No. 79 was held in Room 800, Wilson Street State Office Building, Madison, Wisconsin, on July 15, 1971.

NOW, THEREFORE, IT IS ORDERED:

That Order No. 79, consisting of the following eighteen (18) Sections is hereby adopted to read:

SECTION 1

Section S-L 18.10(9) "Loans to 100% of Value" is renumbered as S-L 18.02(2)(d) and is amended to read:

S-L 18.02(2)(d) Loans to 100% of value. In order to provide funds for financing of housing to low and moderate income families, an association may make loans not in excess of 100% of appraised value granted under the Housing Opportunity Allowance Program, 12 CFR 527. Loans made pursuant to the provisions of this section will not be subject to the mandatory security requirements set forth in Section S-L 18.10.

SECTION 2

Section S-L 18.03(1) (c) is amended to read:

S-L 18.03(1)(c) Every straight mortgage loan secured by "commercial-type" property, shall also be a part of the total assets limit set for "commercial-type" properties in Sec. 215.21(7)(c), Wis. Stats., and shall be included in both categories.

SECTION 3

Section S-L 18.03(1)(d) is repealed.

SECTION 4

Section S-L 18.03(2)(c) is repealed.

SECTION 5

Section S-L 18.03(3)(c) is repealed.

SECTION 6

Section S-L 18.03(4)(c) is repealed.

SECTION 7

Section S-L 18.03(5)(c) is repealed.

SECTION 8

Section S-L 18.03(7) is amended to read:

S-L 18.03(7) Loans in excess of \$200,000. The aggregate of loans in excess of \$200,000., regardless of the type of security or method of loan repayment, is limited in amount and shall remain a part of this category, in accordance with Section 215.21(27), Wis. Stats.

SECTION 9

Section S-L 18.04 is amended to read:

S-L 18.04 Lending area. The lending area of an association is defined as that area specified in Sec. 215.21(2), Wis. Stats.

SECTION 10

Section S-L 18.10 is amended to read:

S-L 18.10 Loans with mortgage insurance. (1) Types of eligible security. Any association may exceed the maximum loan ratios set forth in Section S-L 18.02 subject to the provisions of this section. (2) Loans secured by residential, owner-occupied

properties. Any association may exceed the maximum loan ratio as imposed by subsection S-L 18.02(2) when such loans are secured by real estate as defined in S-L 18.02(2)(a), provided that the premises be occupied in whole or in part by the borrower as his dwelling. No loan made pursuant to the provisions of this section shall exceed 95% of the appraised value of the real estate security, provided that the portion of the loan in excess of 80% is fully secured by mortgage insurance. (3) Other loans. Any association may exceed the maximum loan ratio as imposed by subsections S-L 18.02(2)(a) and (b) when such loans are secured by real estate as defined in subsections S-L 18.02(2)(a) and (b). No loan made pursuant to the provisions of this section shall exceed 90% of the appraised value of the real estate security, provided that the portion of the loan in excess of applicable limits is fully secured by mortgage insurance. (4) Mandatory Additional Security. That portion of any loan in excess of the maximum loan ratios set forth in Section S-L 18.02 shall be fully secured by such acceptable collateral, as defined in Section S-L 18.11, or mortgage insurance or both, as may be determined by the board of directors of the association. 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. (5) Other Requisites. No loan with mandatory additional security shall be made unless the following conditions are met: (a) 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. (b) The borrower shall have a minimum equity of 5% of the appraised value exclusive of work credits on loans secured by residential, owner-occupied properties and 10% on other loans. (c) On loans made for the purpose of financing construction the following must be observed by the association: 1. The aggregate of loan disbursements up to the completion of construction shall not exceed 80% of the appraised value of the real estate. 2. The amount of such loan in excess of 80% of the appraised value of the real estate security shall not be disbursed until construction has been fully completed.

## SECTION 11

Section S-L 18.11 is amended to read:

S-L 18.11 Loans with other collateral. (1) Any association may make mortgage loans exceeding the maximum loan ratio set forth in Section S-L 18.02 when the excess of such mortgage loan is fully secured by any of the following: (a) The cash surrender value of an insurance policy on the life of any person responsible for the payment of the mortgage note. (b) Negotiable securities of the United States Government and any agency thereof which are guaranteed as to principal and interest by the United States Government. (c) 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. (d) Savings accounts, certificates of savings and certificates of deposit of the lending institution or of other savings and loan associations and banks insured by the FSLIC or FDIC. Such collateral may be the property of any person and may be accepted at full withdrawal value. (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) Upon proper assignment of the collateral, a collateral trust agreement shall be executed between the borrower, the owner of the collateral and the mortgagee association. The trust agreement shall provide the manner in which the collateral may be released. (4) The mortgage note shall contain a recitation to the effect that said loan is further secured by a collateral trust agreement of even date.

## SECTION 12

Section S-L 18.12(1)(d)(8) is created to read:

S-L 18.12(1)(d)(8) Approved Federal Housing Administration mortgagee.

## SECTION 13

Sections S-L 18.12(2)(3) and (4) are amended to read:

S-L 18.12(2) Loans within Lending Area. Any association may participate with other lenders in the origination, purchase, sale or in making loans on the security of real estate located within its lending area or purchase a participating interest in such loans, subject to the limitations set forth in Section 215.21(15), Wis. Stats. (3) Participation Loans on Real Estate Located Beyond Lending Area. Any insured association may participate with other lenders in the origination, purchase, sale or in making loans on the security of real estate used primarily for housing purposes located outside its normal lending area or purchase a participating interest in such loans, subject to the limitations set forth in Section 215.21(15), Wis. Stats., provided that: (a) The loan is a government insured or guaranteed loan; or (b) The originating lender certifies that: 1. The security property is located within their regular lending area. 2. Any loan exceeding the maximum loan ratio set forth in Section S-L 18.02 is collateralized as provided in Section S-L 18.10. (4) Percentage of Assets. No insured institution shall purchase a participation interest in a loan or participate in the making of a loan if the amount of such participation interest plus the amount of such institution's outstanding investments in participation interests aggregate a total amount exceeding 40 percent of such institution's assets. The provisions of this paragraph shall not apply to any loan that is government insured or guaranteed.

#### SECTION 11.

Section S-L 18.12(6) is amended to read:

S-L 18.12(6)(a) If the originating lender is an insured, state-chartered savings and loan association, and enters into a participation agreement with one or more purchasing lenders, who are also insured savings and loan associations, regarding a loan commitment prior to the closing of the loan and the furnishing of funds by the participants at the time the loan is closed or processed, the originating lender must retain an interest in the loan as required by Section 215.21(15), Wis. Stats. The restrictions as to the location of the real estate security and the type of real estate security, as set forth in subsections (2) and (3) above, shall apply to joint originations. (b) If the originating

lender is a non-insured, state-chartered savings and loan association, and enters into a participation agreement with one or more lenders, as defined in subsection (1)(d) above, except an insured, state-chartered savings and loan association or a federal savings and loan association, regarding a loan commitment prior to the closing of the loan and the furnishing of funds by the participants at the time the loan is closed or processed, the originating lender must retain at least a 50% interest in such loan. The restrictions as to the location of the real estate security and type of real estate security, as set forth in subsection (5) above, shall apply to joint originations.

#### SECTION 15

Section S-L 18.12(12) is amended to read:

S-L 18.12(12) Aggregate. The aggregate of the participation loans, consisting of the retained portion of those originated and participating interests purchased from other lenders, shall not exceed 40% of the association's total assets. The provision of this subsection shall not apply to government insured or guaranteed loans.

#### SECTION 16

Section S-L 18.13(5) is amended to read:

S-L 18.13(5) Loans to One Borrower. The total of loans made to any single borrower, for the purpose prescribed in Subsection 215.21(16), Wis. Stats., shall not exceed 50% of the aggregate amount prescribed in subsection (4) above.

#### SECTION 17

Section S-L 18.14(3) is amended to read:

S-L 18.14(3) Loans to One Borrower. The total of loans made to any single borrower shall not exceed 50% of the aggregate amount prescribed in subsection 215.21(17), Wis. Stats.

#### SECTION 18

Section S-L 18.20 is created to read:



S-L 18.20 Discretionary Authority of Commissioner. The commissioner may, for good and sufficient reasons, limit, restrict or prohibit an association's authority to invest in any type, category or classification of loan set forth in this chapter.

IT IS FURTHER ORDERED, that Order No. 79 shall become a part of the Rules of the Commissioner of Savings and Loan, Wisconsin Administrative Code, effective the first day of the month following publication thereof in the Wisconsin Administrative Register for September, 1971, No. 189.

  
R. J. McMahon  
Commissioner

This Order was approved by the Savings and Loan Review Board on August 26, 1971.