

Chapter CU 54

REAL ESTATE MORTGAGES IN CREDIT UNIONS

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CU 54.01 Limitation on real estate mortgages. Any credit union whose assets are in excess of \$25,000 may invest in real estate mortgage loans to members out of surplus funds only, subject to the following restrictions:

- (1) The maximum individual loan shall be in ratio to total assets:
 - (a) Total assets of less than \$75,000—Maximum Loan—\$3,000;
 - (b) Total assets of \$75,000 to \$187,500—Maximum Loan—4% of Total Assets;
 - (c) Total assets of \$187,500 to \$300,000—Maximum Loan—\$7,500;
 - (d) Total assets of \$300,000 to \$500,000—Maximum Loan—\$10,000;
 - (e) Total assets of \$500,000 to \$750,000—Maximum Loan—\$12,500;
 - (f) Total assets of \$750,000 to \$1,000,000—Maximum Loan—\$15,000;
 - (g) Total assets of \$1,000,000 to \$1,500,000—Maximum Loan—\$20,000.
 - (h) Total assets of \$1,500,000 to \$2,000,000—Maximum Loan—\$25,000;
 - (i) Total Assets of \$2,000,000 and over—Maximum Loan—\$30,000.
- (2) The total aggregate of real estate mortgage loans shall not exceed:
 - (a) Total assets of less than \$100,000—30% of total assets;
 - (b) Total assets of \$100,000 to \$250,000—35% of total assets;
 - (c) Total assets of \$250,000 to \$500,000—40% of total assets;
 - (d) Total assets of \$500,000 to \$750,000—42½% of total assets;
 - (e) Total assets of \$750,000 to \$1,000,000—45% of total assets;
 - (f) Total assets of \$1,000,000 and over—50% of total assets.
- (3) (a) All mortgage loans shall be limited in amount to a maximum of 70% of the appraised value, but shall not exclude premium for life insurance secured for the amount loaned.
 - (b) Credit unions with assets of \$1,000,000 or more may grant real estate mortgage loans within the limits of subsections (1) and (2) and in excess of 70% of the appraised value of the mortgaged property, but not more than 90% of the appraised value of the mortgage property, provided this excess is insured by a private commercial mortgage guaranty insurance company.
- (4) Such loans shall be made on improved real estate which is situated within the boundaries of the state of Wisconsin, or within a radius of 25 miles from the credit union office.
- (5) (a) No real estate mortgage shall be made for a period in excess of 25 years and it shall be amortized monthly by payments of principal and interest;

(b) A credit union may use an interest rate escalator clause to permit the credit union to increase or decrease the mortgage loan note interest rate within the amortization period of the real estate mortgage loan.

(6) A credit union may grant 2 real estate mortgage loans to any one member provided each real estate mortgage loan shall be within the limits of subsection (1); and provided in the event of a single mortgage, that property shall be occupied by the member mortgagor. In the event of 2 mortgages, one of the mortgaged properties shall be occupied by the member mortgagor. In the case of multiple-unit properties, the requirements shall be the same as for single units.

History: 1-2-56; am. (5), Register, January, 1960, No. 49, eff. 2-1-60; cr. (6), Register, May, 1962, No. 77, eff. 6-1-62; am. (1) (f), and cr. (1) (g), Register, December, 1966, No. 132, eff. 1-1-67; am. (6), Register, January, 1968, No. 145, eff. 2-1-68; am. (1) (g), cr. (h) and (i); renum. (3) to be (3) (a) and cr. (b); renum. (5) to be (5) (a) and am; cr. (b), Register, August, 1971, No. 188, eff. 9-1-71; renum. from Bkg 54.01 to be CU 54.01; am. (5), Register, August, 1972, No. 200, eff. 9-1-72.

CU 54.02 Monthly payment to include tax and insurance. (1) Each member shall, in addition to the required monthly payment, deposit with the credit union each month, a sum equal to one-twelfth of the estimated annual tax plus one-twelfth of the annual insurance premiums.

(2) A credit union may apply such receipts for insurance and taxes at the time of receipt as a reduction of the principal amount due on the real estate mortgage loan with the provision that the credit union will advance such funds for the payment of taxes and insurance when such payments become due and the amount of such payments shall then be added to the principal amount of the respective real estate loan.

(3) At the discretion of the board of directors, a credit union may require either subsections (1) or (2) or a combination of both for the accumulation of moneys for the payment of insurance and taxes.

History: 1-2-56; renum. to be (1) and am.; cr. (2), Register, June, 1963, No. 90, eff. 7-1-63; renum. from Bkg 54.02 to be CU 54.02, and cr. (3), Register, August, 1972, No. 200, eff. 9-1-72.

CU 54.03 Appraisal of property. (1) All property on which real estate mortgage loans are made must be appraised by an appraiser qualified as a licensed real estate broker or by a person whose experience would indicate his competence to make appraisals for loan purposes. No appraiser shall be an officer, director or employee of the credit union for which the property is being appraised and no appraiser shall be directly or indirectly interested in any property appraised.

(2) Neutral appraisals shall not be required when the application for a mortgage loan is in an amount less than 50% of the current assessed tax value and such loan is supported by an appraisal by a committee representing the board of directors and/or credit committee.

(3) All appraisals shall indicate a sound value for loan purposes and the appraisal of land and improvements shall be indicated separately.

(4) In addition to the required outside appraisal, an examination or an inspection report shall also be on file indicating that the property has been examined or inspected by some other person or persons authorized by the board of directors. Such signed report shall reflect

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an expression or an opinion as to the desirability or acceptability of such property for the loan in question.

(5) Each appraisal report submitted in support of an application for a real estate mortgage loan shall be accompanied by a photograph showing a front view of each building on the property to be mortgaged and photographs from the street in front of said property showing neighboring properties in each direction, to reflect the character of the area.

History: 1-2-56; cr. (5), Register, May, 1962, No. 77, eff. 6-1-62; renum. from Bkg 54.03 to be CU 54.03, Register, August, 1972, No. 200, eff. 9-1-72.

CU 54.04 Required supporting data. Each mortgage loan made by a credit union shall be supported by the following documents and information:

(1) The note properly executed and the mortgage instrument properly signed and recorded;

(2) Abstract of title or owner's title policy showing title in the borrower and the mortgage to the credit union *or* a mortgage policy in favor of the credit union;

(3) However, in the case of an abstract of title, an attorney's opinion indicating that the mortgage to the credit union is a first lien;

(4) Fire insurance or fire and extended coverage insurance shall be carried in an amount equal to the amount of the loan or to the full, insurable value of the buildings, whichever is less.

(5) Original insurance policies must be on file and must contain a mortgage clause in favor of the credit union;

(6) The original or photostatic copy of receipts covering all real estate taxes on the mortgaged property paid since the previous examination;

(7) A signed appraisal containing the information required by section CU 54.03 (1), (2), and (3).

(8) An examination or inspection report containing the information required by section CU 54.03 (4).

History: 1-2-56; cr. (8), Register, January, 1960, No. 49, eff. 2-1-60; am. (4), Register, June, 1963, No. 90, eff. 7-1-63; renum. from Bkg 54.04 to be CU 54.04 and am. (3), (7) and (8), Register, August, 1972, No. 200, eff. 9-1-72.