S-L 18

Filed June 13, 1974

UNITED STATES OF AMERICA

The State of Wisconsin

Office of Commissioner of Savings and Loan

STATE OF WISCONSIN)
) SS
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN)

I, R. J. McMAHON, 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. 88, repealing and recreating S-L 7.01 (1) (g), S-L 18.01 (6) and (7), S-L 18.02 (2) (a) and (b) and (3), S-L 18.13 and S-L 18.18, RULES OF THE OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN, WISCONSIN ADMINISTRATIVE CODE, was adopted by the Commissioner of Savings and Loan on June 11, 1974, and approved by the Savings and Loan Review Board on June 11, 1974.

I further certify that the copy of the Order annexed hereto has been compared by me with the original on file in 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 Commissioner of Savings and Loan at James Wilson Plaza, 131 West Wilson Street, in the City of Madison, this 13th day of June, 1974.

R. J. McMahon, Commissioner

STATE OF WISCONSIN
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN

ORDER NO. 88

IN THE MATTER of prescribing rules pursuant to authority contained in Sections 215.02 (7) (a) and 227.014 (2) (b), Wis. Stats., for the conducting of business of savings and loan associations operating under Chapter 215, Wis. Stats.

WHEREAS, upon due and proper notice, a public hearing on Proposed Order 88 was held in Room 401, 131 West Wilson Street, Madison, on the 11th day of June, 1974, at 10 a.m. to consider the adoption of the provisions contained in the attached order; and

WHEREAS, on June 11, 1974, the attached order was approved in its final form by the Savings and Loan Review Board as required by law; now, therefore,

IT IS ORDERED:

That Order No. 88 of the Office of the Commissioner of Savings and Loan is hereby adopted to read:

OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN

ORDER NO. 88

An order to repeal and recreate S-L 7.01(1)(g), S-L 18.01(6) and (7), S-L 18.02(2)(a) and (b) and (3), S-L 18.13 and S-L 18.18 of the Administrative Code, relating to designation of legal holidays, classification of loans for nursing homes, regulation of subdivision loans and regulation of whole loans outside an association's normal lending area.

SECTION 1. S-L 7.01 (1)(g) is repealed and recreated to read:

S-L 7.01 (1)(g) 11th day in November.

SECTION 2. S-L 18.01 (6) and (7) are repealed and recreated to read:

S-L 18.01 (6) "OTHER-COMBINATION-HOME-AND-BUSINESS-TYPE PROPERTY" means real estate upon which is located a structure used in part for residential purposes for 5 or more families and in part for business purposes. This classification includes:

(a) Structures used principally for providing living accomodations for students, employes or members of the staff of an educational institution or hospital.

(b) Nursing homes and homes for the aging.

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

SECTION 3. S-L 18.02 (2)(a) and (b) and (3) are repealed and recreated to read:

S-L 18.02 (2)(a) Home-type property and combination-home-and-business-type property. No mortgage loan secured by real estate upon which is erected, or

upon which it is immediately planned to erect, a "home-type" or "combination-home-and-business-type" structure may exceed 80% of the appraised value of the real estate security.

(b) Other-home-type property and other-combination-home-and-business-type property. No mortgage loan secured by real estate upon which is erected, or upon which it is immediately planned to erect, an "other-home-type" or "other-combination-home-and-business-type" structure may exceed 80% of the appraised value of the real estate security.

(3) SUBDIVISION LOANS. No mortgage loan made for the purpose of financing the acquisition, development and improvement, or the development and improvement, of lands for primarily residential use may exceed 75% of the appraised value of such security as of the completion of such development and improvement.

SECTION 4. S-L 18.13 is repealed and recreated to read:

S-L 18.13 SUBDIVISION LOANS. (1) ASSOCIATION QUALIFICATIONS. An association may not make subdivision loans under s. 215.21(16), Wis. Stats., unless its total general reserves and undivided profits constitute 5% or more of the association's total assets.

(2) TERM OF LOAN. (a) Maximum term. The maximum initial term of a subdivision loan is 5 years.

(b) Extensions. A subdivision loan may be extended upon the written application of the borrower and the approval of the association's board of directors, but under no circumstances may the initial term plus the term of the extension exceed a total of 6 years. No subdivision loan may be extended at maturity unless all taxes on the property and all contractual payments on the loan are current.

(3) LENDING AREA. Each subdivision loan must be within the association's lending area, as defined under s. 215.21(2), Wis. Stats.

(4) APPLICATIONS AND CONDITIONS. (a) Title to security. Title to all property securing a subdivision loan shall be in fee simple.

(b) Appraisals. Before making a subdivision loan an association shall obtain an appraisal setting forth:

1. The value of the land to be developed.
2. The value of the real estate security upon completion of the proposed development and improvement, including an appraisal of the individual lots in the tract. Estimates of development and improvement costs shall be supported by data furnished and prepared by a qualified engineer.

(c) Development schedule. The applicant borrower shall enter into an agreement with the association, setting the commencement date and a completion date of each phase of development.

(d) Release privileges. The association and the applicant borrower shall by written agreement establish terms governing the release of individual lots from the association's security interest. Release of any given property shall be contingent upon the borrower paying the association at least 85% of the sale price of such property or of the value of said property as appraised under paragraph (b) 2, whichever is greater.

(e) Other required information. Before making a subdivision loan an association shall obtain:

1. A survey of the subdivision, properly identifying all lots.
2. A statement of the applicant borrower indicating the date on which the land was or will be purchased, the cost of the land to the applicant, the estimated cost of development and improvement and the estimated value of the property upon completion of developments and improvements.

(5) DISBURSEMENTS. At no time prior to completion may total disbursements on a subdivision loan exceed 75% of the value of the land as appraised under paragraph (b) 2, plus 75% of the cost of completed developments and improvements.

SECTION 5. S-L 18.18 is repealed and recreated to read:

S-L 18.18 WHOLE LOANS OUTSIDE AN ASSOCIATION'S LENDING AREA. (1) AUTHORITY. Pursuant to s. 215.21 (28), Wis. Stats., an association may:

(a) Origination. Make loans outside its lending area.

(b) Purchase. Purchase loans outside its lending area from an insured institution or approved mortgagee.

(2) CERTAIN LOAN INELIGIBLE. The following may not be made or purchased under s. 215.21 (28), Wis. Stats.:

(a) Subdivision loans. Loans on subdivision property as defined under section S-L 18.01 (8).

(b) Loans on vacant lots. Loans on vacant lots as defined under section S-L 18.01 (10).

(c) Loans on fully improved lots. Loans on fully improved lots as defined under section S-L 18.01 (9).

(d) Foreign loans. Loans secured by real estate located outside the United States.

(End)

IT IS FURTHER ORDERED, That Order No. 88 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 July, 1974, No. 223.

R. J. McMahon, Commissioner