

combination-home-and-business-type property or commercial-type property.

(22) **VALUE.** With reference to real estate securing a mortgage loan, "value" means the reasonable market value of the property as appraised under S-L 18.23.

(23) **WHOLE LOAN.** "Whole loan" means a mortgage loan evidenced by a note in which the association owns or acquires a 100% interest.

*History:* Cr. Register, June, 1976, No. 246, eff. 7-1-76.

**S-L 18.03 Purpose and scope. (1) ADDITIONAL JUDGMENT REQUIRED.** This chapter establishes minimum requirements governing mortgage loans. Circumstances surrounding a particular loan may demand an association to adhere to more stringent standards than the minimum requirements prescribed. The minimum requirements of this chapter are not a substitute for additional business judgment by an association. The commissioner may require that corrective action be taken when he determines that an association's lending practices or procedures are imprudent, even though individual loans may comply with this chapter.

(2) **LIMITED APPLICABILITY.** This chapter does not apply to loans that may be made without security but for which an association obtains the additional security of a real estate mortgage. The requirements and restrictions on real estate used as security for a mortgage loan do not apply to property obtained as additional security for a loan made in accordance with this chapter.

(3) **CHAPTER 219 INVESTMENTS EXEMPT.** The requirements, limitations and restrictions contained in this chapter do not apply to any loan, advance of credit or investment, which is authorized under chapter 219 of the statutes.

*History:* Cr. Register, June, 1976, No. 246, eff. 7-1-76.

**S-L 18.05 Maximum loan to value ratios. (1) CALCULATION.** When calculating loan to value ratios under this section, the value of the qualifying real estate security is limited to that attributable to the real estate if used in a manner consistent with the category under which the loan is made.

(2) **GENERAL LIMITATIONS.** Except as provided in subsection (3):

(a) *Home-type property.* A loan made on the security of home-type property may not exceed 80% of the value of the real estate security.

(b) *Combination-home-and-business-type property.* A direct reduction loan made on the security of combination-home-and-business-type property may not exceed 80% of the value of the real estate security. A straight loan secured by combination-home-and-business-type property may not exceed 75% of the value of the real estate security.

(c) *Commercial-type property.* A direct reduction loan made on the security of commercial-type property may not exceed 75% of the value of the real estate security. A straight loan secured by commercial-type property may not exceed 65% of the value of the real estate security.

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(d) *Builder's lot.* A loan made on the security of a builder's lot may not exceed 60% of the value of the lot.

(e) *Subdivision property.* A loan made on the security of subdivision property may not exceed 75% of the value of the real estate security as of the completion of the property's development and improvement.

(f) *Personal lot.* A direct reduction loan made on the security of a personal lot may not exceed 80% of the value of the real estate security. A straight loan secured by a personal lot may not exceed 75% of the value of the lot.

(3) **EXCEPTIONS: LOANS TO 100% OF VALUE.** Except for loans made on the security of builder's lots, an association may make a loan in an amount up to 100% of the value of the real estate security if:

(a) *Loans with mortgage insurance.* That portion of the loan exceeding the maximum amount permitted under subsection (2) is fully covered by mortgage insurance.

(b) *Government-backed loans.* 1. An agency of the federal government or of this state or a political subdivision of this state has made a written commitment to indemnify the association for at least 90% of any loss the association may incur on the loan, and the association has a reasonable basis to believe that any conditions upon which the commitment is based will be met; or

2. An agency of the federal government or of this state or a political subdivision of this state has made a written commitment to purchase the loan or the property securing the loan, and the association has a reasonable basis to believe that any conditions upon which the commitment is based will be met; or

3. An agency of the federal government or of this state or a political subdivision of this state has made a written commitment to refinance the full amount of the loan within one year after the loan is made, and the association has a reasonable basis to believe that any conditions upon which the commitment is based will be met; or

4. The loan is made in conjunction with a government subsidy, insurance or guarantee program approved by the commissioner.

(c) *Loans secured by additional collateral.* 1. That portion of the loan exceeding the maximum amount otherwise applicable under this section is fully secured by: the cash surrender value of an insurance policy on the life of any person responsible for payment of the mortgage note; negotiable securities the principal and interest of which is guaranteed by the U.S. government; bonds, notes or other evidences of indebtedness, constituting the general obligation of a municipality as defined in section 67.01 (1) of the statutes; or savings accounts or certificates of deposit, in an insured institution; and

2. The borrower, the owner of the collateral and the association entered into a collateral trust agreement; and

3. The mortgage note recites that the loan is further secured by a collateral trust agreement.

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