

S-L 18.01 to 18.14



STATE OF WISCONSIN

OFFICE OF COMMISSIONER OF SAVINGS AND LOAN

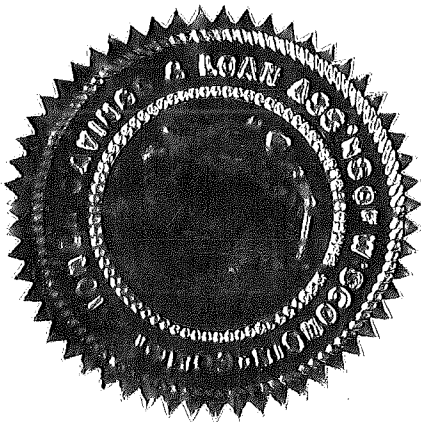
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ORDER NO. 107

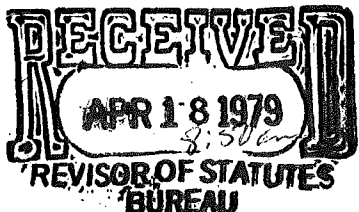
I, R. J. McMahon, Commissioner of Savings and Loan and custodian of the official records of the Office of Commissioner of Savings and Loan, do hereby certify that the annexed Order No. 107 was duly adopted by this office on April 16, 1979.

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 this office in the City of Madison this 16th day of April, 1979.



*R. J. McMahon*  
 R. J. McMahon, Commissioner



ORDER OF THE  
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN  
ADOPTING, RENUMBERING, AMENDING, AND REPEALING RULES

ORDER NO. 107

WHEREAS, in accordance with section 227.021 of the Wisconsin Statutes official notice of a hearing on the rules embodied by this order was published in the Wisconsin Administrative Register of January 1979; and

WHEREAS, pursuant to that notice a public hearing was held on March 6, 1979, at which a draft of the attached rule was the topic of discussion; and

WHEREAS, following that hearing a final draft of the rule was approved by the Commissioner of Savings and Loan and the Savings and Loan Review Board; and

WHEREAS, on March 7, 1979, members of the appropriate standing committees of the legislature were duly notified of the proposed rule changes in accordance with section 227.018 of the Wisconsin Statutes, and within the more than 30 days that have since intervened no legislative committee has asked to meet with this office to review the proposed rule changes;

Now, Therefore, pursuant to authority vested in the Office of the Commissioner of Savings and Loan under sections 215.02(7)(a), 215.21(1)(intro) and 227.014 of the Wisconsin Statutes, the Office of the Commissioner of Savings and Loan hereby adopts rules as follows:

OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN

A RULE to repeal S-L 18.01(20), S-L 18.05(2)(e), S-L 18.09(6), S-L 18.13 and S-L 18.15; to renumber S-L 18.05(2)(f), S-L 18.09(6) to (9), and S-L 18.01(7) to (19); to repeal and recreate S-L 18.05(2)(d) and S-L 18.09(5); and to create S-L 18.01(7) and S-L 18.14 of the administrative code, relating to loans made on the security of subdivision property or builders' lots.

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Summary

This rule combines separate sections on "subdivision loans" and "builder's lot loans" into a single "development loans" section. In the course of combining the two sections, minor differences between the manner in which the two types of loans must be treated are eliminated.

The total amount of development loans that an association may have in its portfolio is also reduced. Under existing rules it is possible for an association to have up to 100% of its net worth in a combination of builder's lot loans and subdivision loans. Under this rule an association's portfolio of "development loans" would be limited to 50% of its net worth.

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SECTION 1. S-L 18.01(7) to (19) of the administrative code are renumbered S-L 18.01(8) to (20).

Section 2. S-L 18.01(7) of the administrative code is created to read:  
S-L 18.01(7) DEVELOPMENT LOAN. "Development loan" means a loan made on the security of a builder's lot or subdivision property.

SECTION 3. S-L 18.01(20) of the administrative code, as presently printed in the code is repealed.

SECTION 4. S-L 18.05(2)(d) of the administrative code is repealed and recreated to read:

S-L 18.05(2)(d) Development loans. A loan made on the security of a builder's lot or subdivision property may not exceed 75% of the value of the real estate security.

SECTION 5. S-L 18.05(2)(e) of the administrative code is repealed.

SECTION 6. S-L 18.05(2)(f) of the administrative code is renumbered S-L 18.05(2)(e).

SECTION 7. S-L 18.09(5) of the administrative code is repealed and recreated to read:

S-L 18.09(5) DEVELOPMENT LOANS. The aggregate of an association's development loans may not exceed 50% of the association's net worth.

SECTION 8. S-L 18.09(6) of the administrative code is repealed.

SECTION 9. S-L 18.09(7) to (9) of the administrative code are renumbered S-L 18.09(6) to (8).

SECTION 10. S-L 18.13 of the administrative code is repealed.

SECTION 11. S-L 18.14 of the administrative code is created to read:

S-L 18.14 DEVELOPMENT LOANS. (1) MAXIMUM TERM. The term of a development loan may not exceed 5 years, but may be extended for periods of one year or less in the manner provided in section S-L 18.07(2)(b) of the code.

(2) APPRAISALS AND OTHER DOCUMENTATION. Before making a development loan an association must obtain:

(a) An appraisal made in accordance with section S-L 18.23 of the code.

(b) A statement from the borrower indicating the borrower's intended use of the property. If further improvements must be made to the land to make it suitable for the construction of a dwelling unit and loan proceeds are expected to be used in that development, the statement must include:

1. A development schedule.

2. The estimated cost of those improvements.

(3) RELEASE SCHEDULE. When a development loan is secured by more than one lot:

(a) The association and the borrower must enter into a written agreement govern-

ing the release of individual lots from the association's security interest.

(b) No portion of the qualifying real estate security may be released unless:

1. The association has obtained an appraisal that individually sets forth the value of each developed lot and of any qualifying security remaining to be developed; and

2. The ratio of the unpaid balance of the association's loan to the value of the remaining real estate security will not exceed the applicable maximum loan to value ratio under section S-L 18.05 of the code.

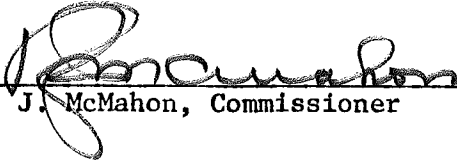
SECTION 12. S-L 18.15 of the administrative code is repealed.

(End)

The rule changes contained in this order shall take effect on the first day of the month following its publication in the Wisconsin Administrative Register.

Dated: April 16, 1979

OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN

  
R. J. McMahon, Commissioner