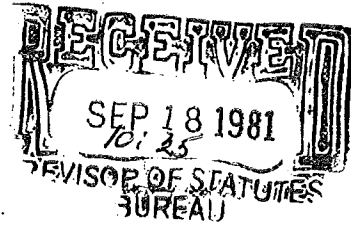


Bkg 7



STATE OF WISCONSIN  
OFFICE OF COMMISSIONER OF BANKING

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, T. E. Pederson, Commissioner of Banking, and custodian of the official records of said office, do hereby certify that the annexed rule, relating to the Mortgage Loans, was duly approved and adopted by this office on the 14th day of August, 1981.

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

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the department at the Office of Commissioner of Banking in the City of Madison, this 16th day of September A.D. 1981.



*T. E. Pederson*

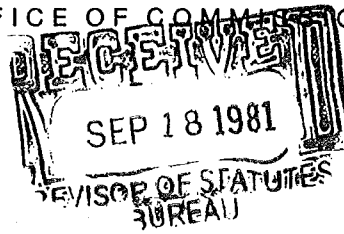
T. E. Pederson  
Commissioner of Banking  
Administrator

11-1-81



State of Wisconsin \

OFFICE OF COMMISSIONER OF BANKING



T.E. PEDERSON  
COMMISSIONER

30 WEST MIFFLIN STREET  
MADISON, WISCONSIN 53703

ORDER OF THE OFFICE OF COMMISSIONER OF BANKING  
ADOPTING, AMENDING OR REPEALING RULES

Relating to Rules Concerning Mortgage Loans  
Final Draft Form

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Analysis prepared by the Office of Commissioner of Banking.

Bkg. Ch. 7 sets forth the documentation which state chartered banks must maintain in their mortgage loan files in order to facilitate examination of this portion of the bank's loan portfolio.

The rule has been amended to:

1. Clarify the definition of real estate mortgage loan for purposes of the rule. The rule would exclude certain smaller loans as well as loans in which the value of collateral other than real estate exceeds the outstanding balance of the loan from coverage. In addition, the rule excludes loans supported by current certified financial statements as well as those for which no collateral is required by resolution of the board of directors from the definition of real estate mortgage loan.
2. Permit banks to use letter opinions from abstract companies or current certified abstracts to support subsequent extension of credit where the original extension of credit is supported by a title opinion.
3. Clarify and expand the individuals who are eligible to sign a real estate appraisal supporting a real estate mortgage loan.

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Pursuant to the statutory authority vested in the Commissioner of Banking by S. 220.02(2), Stats., and S. 227.014, Stats., the Commissioner of Banking repeals and recreates Ch. Bkg. 7 as follows:

Chapter Bkg. 7

REAL ESTATE MORTGAGE LOANS

Bkg. 7.01 is repealed and recreated to read:

Bkg. 7.01(1) Real Estate Mortgage Loan. A real estate mortgage loan includes any loan secured by an interest in real estate except:

- (a) A loan of \$5,000 or less;
- (b) A loan in which the value of collateral securing the loan, other than real estate, equals or exceeds the outstanding balance of the loan;
- (c) A loan for which no collateral is required by a resolution of the board of directors pursuant to S. 221.29(5), Stats.; or
- (d) A loan supported by a current financial statement, the accuracy of which is certified to by the borrower.

(2) Supporting Data Required. Each real estate mortgage loan shall be supported by the following documents and information:

- (a) The note or other evidence of indebtedness together with the related real estate mortgage or security agreement properly executed and recorded.
- (b) An attorney's opinion based upon a certified abstract indicating the relative position of the bank's interest or a title policy in favor of the bank covering its interest in the property. If the bank has obtained the supporting documentation in accordance with this paragraph, a subsequent extension of credit secured by the same real estate may be supported by

a letter opinion from an abstract company or a current certified abstract showing the bank's interest in the property as of the most recent extension of credit. However, no additional title documentation is required in connection with a refinancing in which no additional funds are advanced.

(c) An appraisal indicating separately the market value of the land and any improvements. No person who has a monetary or ownership interest in the property appraised or who has an interest in the loan secured by the appraised property may sign the appraisal. No director or employee of the bank whose approval is necessary to close the loan may sign the appraisal. The appraisal shall be signed by either:

1. Two disinterested person certified by the board of directors as qualified to make appraisals, based on prior work, training or experience;
2. A person who is a member in a recognized professional appraisal organization or society;
3. A licensed real estate broker;
4. A person with at least ten years of experience as a real estate appraiser or;
5. Any employee of the bank or holding company qualified under paragraphs (2) through (4) and certified by the bank's board of directors as qualified to make appraisals for the bank.

(d) Either a policy purchased by the borrower or a mortgagee's policy purchased at no cost to the borrower including certificates of insurance or other evidence that all improvements on the real estate are insured

up to their full value for the term of the loan against casualty loss with benefits payable to the bank.

(e) Evidence of the status of the real estate taxes on the mortgaged property.

(f) The Commissioner may require a bank to obtain any documentation deemed necessary to support any loan secured by an interest in real estate notwithstanding any exemption in this Rule.

The rules, amendments and repeals contained in this order shall take effect as provided in Sec. 227.026(1), Stats.

Dated: August 14, 1981

A handwritten signature in cursive script that reads "T. E. Pederson". The signature is written in dark ink and is positioned above a horizontal line.

T. E. Pederson, Commissioner



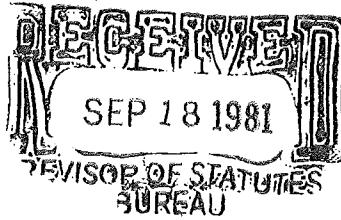
State of Wisconsin \ OFFICE OF COMMISSIONER OF BANKING

T.E. PEDERSON  
COMMISSIONER

WILLIAM G. NOBLE  
ADMINISTRATOR

DIVISION OF CONSUMER CREDIT  
P.O. BOX 7876  
MADISON, WISCONSIN 53707

September 16, 1981



Mr. Gary L. Poulson  
Assistant Revisor  
Office of the Revisor of Statutes  
411 West  
State Capitol Building  
Madison, WI 53702

RE: Bkg. Ch. 7

Dear Gary:

Enclosed please find a certified copy of the above referenced rule together with an additional copy. The rule is filed pursuant to Sec. 227.023, Wis. Stats., for publication in the Administrative Code.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert A. Patrick".

Robert A. Patrick  
Attorney

RAP:ato

Enclosure