

RECEIVED

APR 27 1987

*J. S. Olson*  
Advisor of Statutes  
Bureau



**Office of Commissioner of Savings and Loan**

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

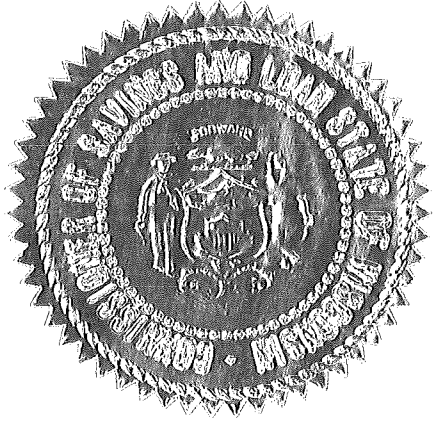
CERTIFICATION

ORDER NO. 139

I, Leo Mortensen, Commissioner of Savings and Loan and custodian of the official records of the Office of the Commissioner of Savings and Loan and of the Savings and Loan Review Board, do hereby certify that the annexed Order No. 139 relating to net worth requirements of savings and loan associations and repealing an obsolete rule on reserve requirements was adopted by this office and approved by the Savings and Loan Review Board.

I further certify that that 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 23rd day of April, 1987.



*Leo Mortensen*  
Leo Mortensen, Commissioner

ORDER OF THE  
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN AND THE  
SAVINGS AND LOAN REVIEW BOARD  
REPEALING, RENUMBERING AND AMENDING,  
AMENDING, REPEALING AND RECREATING, AND CREATING RULES

Relating to net worth requirements of savings and loan associations and repealing an obsolete rule on reserve requirements.

---

Analysis Prepared by the Office of the Commissioner of Savings and Loan

Section S-L 12.02 ("Legal reserve requirement") is repealed. The statutes providing for this concept have been repealed and this rule is obsolete. The useful aspects of it are retained in the "net worth" concept.

An association's "net worth ratio" is defined by this rule as a ratio, expressed as a percentage, calculated as follows:

$$\frac{\text{(assets minus liabilities) plus unallocated, general loan loss reserves}}{\text{assets}}$$

By statute (s. 215.24), the commissioner of savings and loan is directed to establish a minimum net worth requirement for state chartered associations. This has long been done by adopting an administrative rule. The current net worth requirement is 3.5% of assets for the 58 insured associations and 4.5% of assets for the 1 uninsured association.

This rule repeals the current dual net worth standards and substitutes a single standard of 6% of assets which must be attained in increments. This standard is phased in and the interim requirements are as follows:

1. 4% by December 31, 1987.
2. For each subsequent year, effective January 1 of the following year (ex., after 1988, the higher standard is effective January 1, 1989), increase the required level, until 6% is attained, by the lesser of .25% or the following ratio, expressed as a percentage:

net income for all Wisconsin, state chartered savings and loan associations

average assets of those associations  
for the 12 months ending December 31 of that year

This rule also clarifies the commissioner's authority to require a higher net worth ratio if necessary in limited circumstances (s. S-L 12.03(1)(b)). It allows him or her to authorize a nonconforming capital stock association to pay a dividend (s. S-L 12.03(3)(b)1).

This rule has no state or local fiscal impact.

This rule will have a minimal effect on each savings and loan association which is a "small business" as defined in s. 227.114(1)(a), Stats. These small businesses will be required to meet a higher minimum net worth standard beginning on December 31, 1987. This rule should not have a significant economic impact on a substantial number of small businesses pursuant to s. 227.18(3m), Stats.

---

Pursuant to the authority vested in the commissioner of savings and loan and the savings and loan review board by ss. 215.02(7)(a) and 215.24, Stats., the commissioner and the review board hereby repeals, renumbers and amends, amends, repeals and recreates, and creates rules interpreting s. 215.24, Stats., as set out in the attached certified copy and incorporated herein by reference.

The rule as affected in this order shall take effect on July 1, 1987.

Dated at Madison, Wisconsin, this 23rd day of April, 1987.

OFFICE OF COMMISSIONER OF SAVINGS AND LOAN

  
\_\_\_\_\_  
Leo Mortensen, Commissioner



State of Wisconsin \ OFFICE OF COMMISSIONER OF SAVINGS AND LOAN

Tommy G. Thompson  
Governor

RECEIVED

APR 27 1987

Revisor of Statutes  
Bureau

LEO MORTENSEN  
COMMISSIONER  
SUITE 502  
131 WEST WILSON STREET  
MADISON, WISCONSIN  
53702  
(608) 266-1821

April 23, 1987

Douglas J. La Follette  
Secretary of State  
201 East Washington Avenue, Room 271  
Madison, Wisconsin 53702

Orlan L. Prestegard  
Revisor of Statutes  
30 W. Mifflin Street, #904  
Madison, Wisconsin 53702

Gentlemen:

Enclosed is a certified copy of Clearinghouse Rule 86-139<sup>7</sup> which has been adopted by this office and the Savings and Loan Review Board and a "Certificate" and "Order" relating to it.

These materials are filed with you both under s. 227.20(1), Stats.

Sincerely,

Leo Mortensen  
Commissioner

LM/k

Enclosures