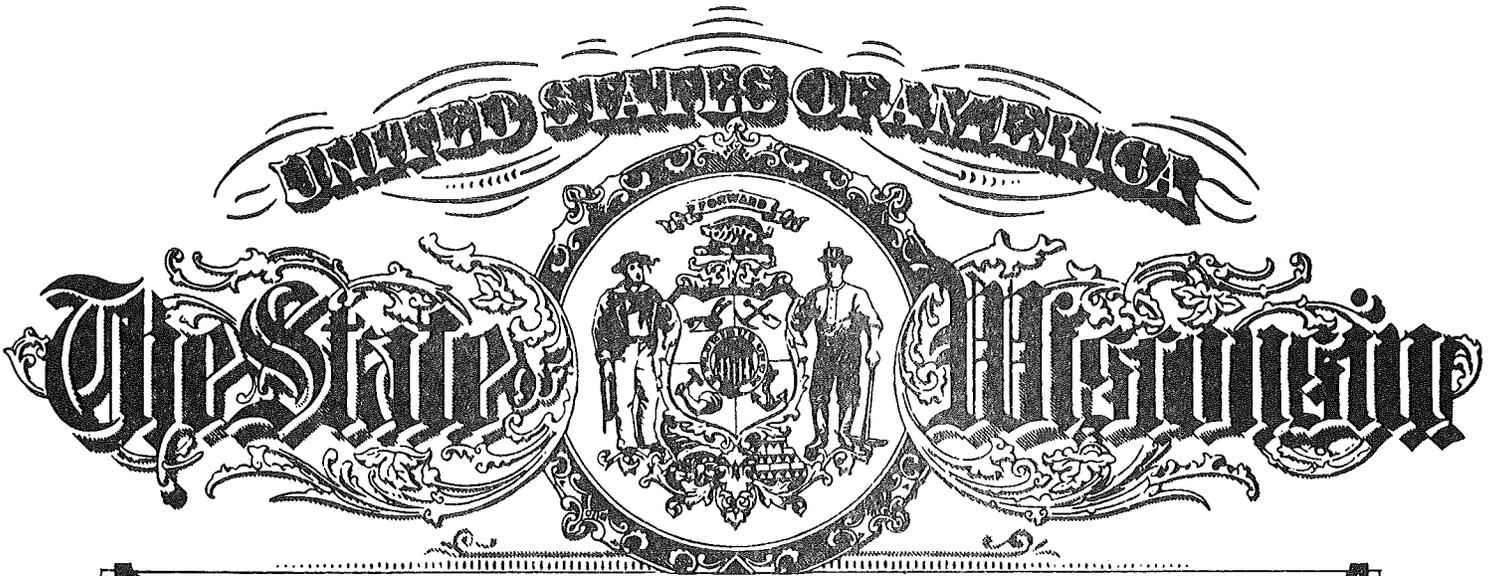


CR 87-31



Office of Commissioner of Savings and Loan

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

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9:45 am
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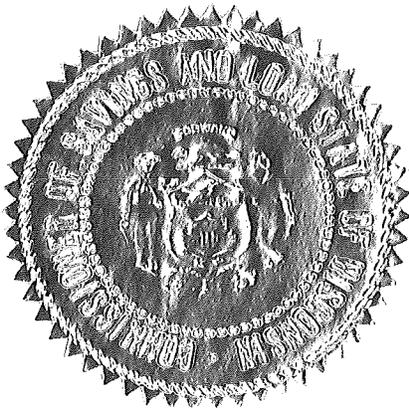
CERTIFICATE

ORDER NO. 140

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. 140 relating to approval of indexes used for variable rate loans by savings and loan associations 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 22nd day of July, 1987.



Leo Mortensen

Leo Mortensen, Commissioner

10-1-87

ORDER OF THE
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN
CREATING A RULE

The Wisconsin commissioner of savings and loan and the savings and loan review board propose an order to adopt S-L 8.07, relating to approval of indexes used for variable rate loans by savings and loan associations.

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

Statutory authority: s. 215.02(7)(a), Stats.
Statute interpreted: s. 138.056(1)(a)4, Stats.

Section 138.056 establishes parameters for variable rate loan contracts entered into on or after November 1, 1981. One provision requires use of an "approved index" if the contract provides for adjustments to the interest rate corresponding to an index.

Several approved indexes are specified in the statute (s. 138.056(1)(a)1-3). In addition, an index may be used by savings and loan associations which is "readily verifiable by borrowers and beyond the control of an individual lender" if it is approved by the commissioner of savings and loan (s. 138.056(1)(a)4(intro.) and a).

This rule grants approval for associations to use five indexes for which approval has been frequently requested and granted. This list can be expanded as approval is granted for other indexes. Associations will not be required to request approval for these indexes' use. Use of other indexes must be approved in writing as is currently done.

This rule will have no fiscal impact.

This rule will have no effect on any savings and loan association which is a "small business" as defined in s. 227.114(1)(a), Stats.

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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 138.056(1)(a)4, Stats., the commissioner and the review board hereby creates a rule interpreting s. 138.056(1)(a)4, Stats., as set out in the attached certified copy and incorporated herein by reference.

The rule created by this order shall take effect October 1, 1987.

Dated at Madison, Wisconsin this 22nd day of July, 1987.

OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN



Leo Mortensen, Commissioner

SECTION 1. S-L 8.07 is created to read:

S-L 8.07 APPROVAL OF INDEXES USED FOR VARIABLE RATE LOANS UNDER s. 138.056, STATS. (1) Except as provided in sub. (2), each index used by an association for a variable rate loan under s. 138.056, Stats. which requires the approval of the commissioner under s. 138.056(1)(a)4, Stats. must be approved in writing.

(2) Under s. 138.056(1)(a)4, Stats., the following indexes are determined to be readily verifiable by borrowers and beyond the control of an individual lender and are hereby approved for use in variable rate loans under s. 138.056, Stats.:

(a) The "prime rate" of interest which is published in the "money rates" column of the Wall Street Journal, midwestern edition.

(b) The "seventh district monthly average cost of funds" reported in the "Index Report", the monthly publication of the Federal Home Loan Bank of Chicago.

(c) The "national monthly median cost of funds for FSLIC-insured institutions" reported in the "Index Report" identified in par. (b).

(d) The "national average mortgage contract interest rate" on conventional mortgage loans closed for purchasing previously occupied single-family homes by all major lenders, reported in the "Index Report" identified in par. (b).

(e) The weekly average yield on U.S. treasury securities adjusted to a constant maturity of 1, 2, 3 or 5 years reported in the "Federal Reserve Statistical Release", a weekly publication of the Federal Reserve Board.

SECTION 2. EFFECTIVE DATE. Pursuant to s. 227.22(1), Stats., this rule shall be effective on the first day of the month commencing after the date of its publication.

Tommy G. Thompson
Governor



Leo Mortensen
Commissioner
Harold N. Lee, Jr.
Deputy Commissioner

State of Wisconsin
Office of Commissioner of Savings and Loan

131 West Wilson Street • Suite 502 • Madison, Wisconsin 53702 • (608) 266-1821

July 22, 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 87-31, 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,

A handwritten signature in cursive script that reads "Leo Mortensen".

Leo Mortensen
Commissioner

LM/k

Enclosures

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