

erect a structure designed for residential purposes for 5 or more families, or a structure used in part for residential purposes for 5 or more families and in part for business purposes, or structures consisting of fraternity houses, sorority houses, with living accommodations for college students, or structures used principally for providing living accommodations for students, employes, or members of the staff of a college, university, other educational institution, or hospital, as described in Wis. Adm. Code, section S-L 18.01 (5) and (6), shall not exceed 75% of the appraised value of the real estate security.

(c) *Commercial-type properties.* Any mortgage loan, regardless of amount, secured by real estate upon which is erected or upon which it is immediately planned to erect a "Commercial-Type" structure, as described in Wis. Adm. Code section S-L 18.01 (7), shall not exceed 70% of the appraised value of the real estate security.

(3) **SUBDIVISION PROPERTIES.** Any mortgage loan made for the purpose of financing the acquisition, development and improvement or the development and improvement of lands for primarily residential use, further described in Wis. Adm. Code section S-L 18.13, shall not exceed 60% of the appraised value of such security as of the completion of such development and improvement.

(4) **FULLY IMPROVED LOTS.** Any mortgage loan made to builders of homes, secured by fully improved lots for the future construction of home-type properties thereon, as defined in Wis. Adm. Code sections S-L 18.01 (2) (a), (3) and (4), shall not exceed 60% of the appraised value of such lots as prescribed in section 215.21 (17), Wis. Stats.

History: Cr. Register, January, 1964, No. 97, eff. 2-1-64; r. and recr. (1) (c) and (2) (b), Register, April, 1964, No. 100, eff. 5-1-64; am. (2) (b), Register, January, 1966, No. 121, eff. 2-1-66.

S-L 18.03 Aggregate limitation of certain mortgage loan categories.

(1) **STRAIGHT MORTGAGE LOANS.** (a) The aggregate of straight mortgage loans is limited to 10% of the association's total assets by section 215.21 (6) (b) 6, Wis. Stats.

(b) Each straight mortgage loan shall remain as part of this category until fully repaid.

(c) Every straight mortgage loan, not in excess of \$100,000., secured by "Commercial-Type" property, shall also be a part of the 18% of total assets limit set for "Commercial-Type" properties in section 215.21 (7) (c) Wis. Stats., and shall be a part of both categories until fully repaid.

(d) Every straight mortgage loan in excess of \$100,000 shall also be a part of the 20% of total assets limit set for "Loans in Excess of \$100,000." in section 215.21 (27) Wis. Stats., and shall remain in that category until the unpaid loan balance is reduced to \$100,000.

(2) **LOANS SECURED BY "COMMERCIAL-TYPE" PROPERTY.** (a) The aggregate of mortgage loans, secured by "Commercial-Type" property, is limited to 18% of the association's total assets by section 215.21 (7) (c) Wis. Stats.

(b) Every mortgage loan, secured by "Commercial-Type" property shall remain as part of this category until fully repaid.

(c) Every mortgage loan in excess of \$100,000., secured by "Commercial-Type" property, shall also be a part of the 20% of total assets

limit set for "Loans in Excess of \$100,000." in section 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid loan balance is reduced to \$100,000.

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(3) PARTICIPATION LOANS. (a) The aggregate of participation loans, made under the permissive authority of section 215.21 (15), Wis. Stats., consisting of the retained portion of those loans originated by the association and the participating interests in mortgage loans purchased from other lenders, except G.I. and F.H.A. loans, shall not exceed 30% of the association's total assets.

(b) Every participation loan, whether it be that portion retained by the originating association or a participating interest purchased from other lenders, secured by "Commercial-Type" property shall also be a part of the 18% of total assets limit set for "Commercial-Type" properties in section 215.21 (7) (c), Wis. Stats., and shall remain as a part of both categories until fully repaid.

(c) Every participating interest in a mortgage loan in excess of \$100,000., whether it be that portion retained by the originating association or a participating interest purchased from other lenders, shall also be a part of the 20% of total assets limit for "Loans in Excess of \$100,000." in section 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid balance of the participating interest so retained or originated is reduced to \$100,000.

(4) SUBDIVISION LOANS. (a) The aggregate of loans, made for the acquisition, development and improvement or the development and improvement of lands for primarily residential use, under the permissive authority of section 215.21 (16), Wis. Stats., shall not exceed 5% of the association's total assets.

(b) The total amount of loans of this type that may be made to any individual developer shall not exceed one-fifth (20%) of the 5% limit prescribed in par. (a), above.

(c) Any subdivision loan in excess of \$100,000. shall also be a part of the 20% of total assets limit set for "Loans in Excess of \$100,000." in section 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid balance of the loan is reduced to \$100,000.

(5) FULLY IMPROVED LOTS. (a) The aggregate of loans, made to builders of homes on the security of fully-improved lots for the future construction of single-family homes thereon, is limited to 1% of the association's total assets by section 215.21 (17), Wis. Stats.

(b) The total amount of loans of this type that may be made to an individual builder of homes shall not exceed one-fifth (20%) of the 1% aggregate total imposed by section 215.21 (17), Wis. Stats.

(c) Any loan in excess of \$100,000., secured by fully-improved lots, shall also be a part of the 20% of total assets limit set for "Loans in Excess of \$100,000." in section 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid balance of the loan is reduced to \$100,000.

(6) LOANS IN EXCESS OF \$100,000. (a) The aggregate of loans in excess of \$100,000., regardless of the type of real estate security or method of loan repayment, is limited to 20% of the association's total assets by section 215.21 (27), Wis. Stats.

(b) Any loan in excess of \$100,000. shall remain a part of this category until the unpaid balance of the loan is reduced to \$100,000.

(7) **LOANS TO ONE BORROWER.** (a) The aggregate of loans that may be made to any one borrower by an association, having total assets of \$1,000,000. or less, shall conform to the limits prescribed in section 215.21 (5), Wis. Stats. Any association, whose assets exceed \$1,000,000., may make loans to any one borrower, that in the aggregate do not exceed 10% of the association's savings capital or the association's total of general reserves and undivided profits, whichever is the lesser.

(b) In the event a borrower conveys title to his property to another person, subject to the association's mortgage, the loan shall be considered as a loan made to the original owner, and shall be included in the aggregate of loans made to him as an individual borrower.

(c) In the event a borrower conveys title to his property to another person and that other person assumes the payment of the mortgage, and the directors, by resolution, relieve the original borrower of any and all responsibility for the repayment of the loan, then such loan shall be deducted from the aggregate of loans made to him as an individual borrower.

History: Cr. Register, January, 1964, No. 97, eff. 2-1-64.

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(8) **FORFEITURE PROVISIONS.** The board of directors of an association may declare a loan, made under the provisions of this section, due and payable and commence legal proceedings to enforce collection whenever any of the following conditions exist while the unpaid balance of the loan exceeds 80% of the appraised value of the real estate security:

(a) Title to the real estate securing the loan has been conveyed to another person, or

(b) The borrower ceases to be an occupant of the property.

History: Cr. Register, January, 1964, No. 97, eff. 2-1-64; am. (6) (c). Register, April, 1964, No. 100, eff. 5-1-64.

S-L 18.11 Mortgage loans secured by improved real estate and savings accounts of savings and loan associations. (1) Any association may make mortgage loans on the security of improved real estate, subdivision-type property and improved lots excluded, and the withdrawal value of savings and loan association savings accounts, and may exceed the maximum loan ratios prescribed in subsection 215.21 (6) (b), Wis. Stats. and Wis. Adm. Code subsections 18.02 (1), (2), (3) and (4), when the excess of such mortgage loan is further secured by the withdrawal value of savings accounts of any state-chartered or federally-chartered savings and loan association doing business in Wisconsin, or the withdrawal value of savings accounts of any savings and loan association located outside of the state of Wisconsin, whose members' accounts are insured by the Federal Savings and Loan Insurance Corporation.

(2) The maximum amount of any mortgage loan made pursuant to the provisions of this section, may be made up to but shall not exceed the appraised value of the improved real estate security.

(3) The savings accounts, pledged as additional collateral to any mortgage loan made pursuant to the provisions of this section, may be the property of any person and may be accepted at full withdrawal value.

(4) Upon proper assignment of the pledged savings accounts, a collateral trust agreement shall be executed between the borrower, the owner of the pledged savings accounts and the mortgagee association. The trust agreement shall provide the manner in which the pledged savings account may be released.

(5) The mortgage note shall contain a recitation to the effect that said loan is further secured by a collateral trust agreement of even date.

(6) No additional advances may be made on any mortgage loan, made pursuant to the provisions of this section, while the collateral trust agreement is in force.

(7) Any additional advances made after the termination of the collateral trust agreement, shall be made in such amount so as to limit the borrower's total unpaid loan balance to the maximum loan ratios cited in subsection (1) above.

History: Cr. Register, January, 1964, No. 97, eff. 2-1-64.

S-L 18.12 Participation loans. (1) **DEFINITIONS.** The definitions in this section apply unless the context clearly indicates otherwise, that is to say:

(a) "Federal savings and loan association" means a savings and loan association organized pursuant to an Act of Congress, entitled "Home Owners Loan Act of 1933."

(b) "Insured bank" means a banking institution whose deposits are insured by the Federal Deposit Insurance Corporation.

(c) "Insured, state-chartered savings and loan association" means a savings and loan association organized under Ch. 215, Wis. Stats., whose members' savings accounts are insured by the Federal Savings and Loan Insurance Corporation.

(d) "Lenders," means:

1. Federal savings and loan associations.
2. Insured banks.
3. Insurance companies licensed to do business in this state.
4. Insured, state-chartered savings and loan associations.
5. Non-insured, state-chartered savings and loan associations.
6. Other instrumentalities or corporations owned wholly or in part by this state or the United States.
7. Tax exempt organizations operating under subsection (a) of section 501 of the Internal Revenue Code as now or hereafter in effect.

(e) "Non-insured, state-chartered savings and loan association" means a savings and loan association organized under Ch. 215, Wis. Stats. whose members' savings accounts are not insured by the Federal Savings and Loan Insurance Corporation.

(f) "Originating association" means a savings and loan association that has made a mortgage loan on improved real estate and sold a participating interest therein to a lender as defined in subsection (1) (d) above.

(g) "Originating lender" means a lender, as defined in subsection (1) (d) above, that has made a mortgage loan on improved real estate and sold a participating interest therein to another lender.

(h) "Participation loan" means a mortgage loan secured by improved real estate, originated by a lender as defined in subsection (1) (d) above, of which a participating interest has been sold to another lender, as defined in subsection (1) (d) above, under the terms and conditions of a participation loan agreement and evidenced by a participation loan certificate.

(i) "Purchasing association" means a savings and loan association that has purchased a participating interest in a mortgage loan on improved real estate from a lender defined in subsection (1) (d) above.

(j) "Purchasing lender" means a lender, as defined in subsection (1) (d) above, that has purchased a participating interest in a mortgage loan on improved real estate from a lender defined in subsection (1) (d) above.

(2) INSURED, STATE-CHARTERED SAVINGS AND LOAN ASSOCIATIONS. (a) Any insured, state-chartered savings and loan association may originate a mortgage loan on any type of improved real estate, situated not more than 50 miles from its office, and sell a participating interest therein to any lender defined in subsection (1) (d) above.

(b) Any insured, state-chartered savings and loan association may originate a mortgage loan on improved real estate consisting of home-type, combination-home-and-business-type, other home-type, or other combination-home-and-business-type property, (as defined in Wis. Adm. Code subsections S-L 18.01 (3) (4) (5) and (6)), located more

than 50 miles but not more than 100 miles from its office, and sell a participating interest therein to:

1. A federal savings and loan association.
2. Any state-chartered savings and loan association whose members' savings accounts are insured by the Federal Savings and Loan Insurance Corporation.
3. A bank whose deposits are insured by the Federal Deposit Insurance Corporation.
4. Any tax exempt organizations operating under subsection (a) of section 501 of the Internal Revenue Code.

(c) Any insured, state-chartered savings and loan association granting mortgage loans, as described in subsection (2) (b) above, may, with prior approval of the Federal Savings and Loan Insurance Corporation, sell participating interests therein to:

1. A non-insured, state-chartered savings and loan association, as defined in subsection (1) (e) above.
2. An insurance company licensed to do business in this state.
3. Any other instrumentality or corporation owned wholly or in part by this state or the United States.

(d) Any insured, state-chartered savings and loan association may purchase from any lender, as defined in subsection (1) (d) above, a participating interest in a mortgage loan, secured by any type of improved real estate, and situated within a 50 mile radius of its office.

(e) Any insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan on real estate consisting of home-type, combination-home-and-business-type, other home-type, or other combination-home-and-business-property, (as defined in Wis. Adm. Code subsections S-L 18.01 (3), (4), (5) and (6),) located more than 50 miles but not more than 100 miles from its office, from:

1. A federal savings and loan association.
2. Any state chartered savings and loan association whose members' savings accounts are insured by the Federal Savings and Loan Insurance Corporation.

(f) Any insured, state-chartered savings and loan association may purchase a participating interest in a mortgage on real estate, as described in subsection (2) (e) above, but located more than 100 miles from its office, from:

1. A federal savings and loan association.
2. Any state-chartered savings and loan association whose members' accounts are insured by the Federal Savings and Loan Insurance Corporation.

The real estate securing the loan must be within a 100 mile radius of the originating association.

(3) NON-INSURED, STATE-CHARTERED SAVINGS AND LOAN ASSOCIATION.

(a) Any non-insured, state-chartered savings and loan association may originate a mortgage loan on any type of improved real estate, situated not more than 50 miles from its office, and sell a participating interest therein to any lender defined in subsection (1) (d) above.

(b) Any non-insured, state-chartered savings and loan association may originate a mortgage loan on any type of improved real estate located more than 50 miles but not more than 100 miles from its office, and sell a participating interest therein to any lender, as defined in subsection (1) (d) above, except a federal savings and loan association or an insured, state-chartered savings and loan association.

(c) Any non-insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan on any type of improved real estate, located not more than 50 miles from its office, from any lender defined in subsection (1) (d) above.

(d) Any non-insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan on any type of improved real estate, located more than 50 miles from its office, from any lender, as defined in subsection (1) (d), except a federal savings and loan association or an insured, state-chartered savings and loan association, provided that the real estate is located within 100 miles of such originating lender's office.

(e) Any non-insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan on home-type, combination-home-and-business-type, other home-type or other combination-home-and-business-type property, and located more than 50 miles from its office, from a federal savings and loan association or an insured, state-chartered savings and loan association, provided that the originating association obtained prior approval for such sale from the Federal Savings and Loan Insurance Corporation.

(4) **RETENTION BY ORIGINATING LENDER.** (a) Any lender, as defined in subsection (1) (d) above, originating a loan and selling a participating interest therein, must retain at least a 25% interest in such participation loan.

(b) If the originating lender, is an insured savings and loan association, enters into a participation agreement with one or more purchasing lenders, who also are insured savings and loan associations, regarding a loan commitment, prior to the closing of the loan, and the furnishing of funds by the participants at the time the loan is closed or processed, then the originating lender must retain a 50% interest in such participation loan.

(5) **MAXIMUM PARTICIPATING INTEREST PURCHASED.** The maximum amount of a participating interest purchased by a single lender, as defined in subsection (1) (d) above, cannot exceed 75% of the unpaid balance of the mortgage loan. If the participants, furnished funds jointly on a pro-rata basis, at the time of loan closing or processing, then the maximum amount of the participating interest purchased by a single lender cannot exceed 50% of the mortgage loan. More than one lender may purchase a participating interest in any mortgage loan, but the aggregate of such participating interests shall not exceed the limits prescribed herein.

(6) **MORTGAGE AND MORTGAGE NOTES OF PARTICIPATION LOANS.** The mortgage and mortgage note of any participation loan shall contain only the name of the originating association or other originating lender as the "Mortgagee," and shall be retained by said originating association or other originating lender along with the other related documents.

(7) **PARTICIPATION LOAN AGREEMENT.** Each participation loan shall be evidenced by a participation loan agreement, executed and signed by both, the originating lender (originating association) and the purchasing lender (purchasing association). The participation loan agreement shall be in such form as determined by the attorneys of the participants concerned.

(8) **PARTICIPATION LOAN CERTIFICATE.** Each participation loan shall be evidenced by a participation loan certificate, executed and signed by both, the originating lender (originating association) and the purchasing lender (purchasing association). The participation loan certificate must contain sufficient information to properly identify the security of such transaction.

(9) **MORTGAGE LOAN DOCUMENT FILES OF ORIGINATING ASSOCIATION.** To evidence the sale of a participating interest in a mortgage loan, the loan document file of the originating association shall, in addition to the note, mortgage and other related papers, contain signed copies of the participation loan agreement and the participation loan certificate of the other purchasing lender or lenders.

(10) **MORTGAGE LOAN DOCUMENT FILES OF PURCHASING ASSOCIATION.** To evidence the purchase of a participating interest in a mortgage loan, the loan document file of the purchasing association shall contain the signed copies of the participation loan agreement and the participation loan certificate of the originating lender.

(11) **AGGREGATE OF PARTICIPATION LOANS.** The aggregate of participation loans, consisting of the retained portion of those originated and participating interest purchased from other lenders shall not exceed 30% of the association's total assets, subject to the lending area restriction of 20% of loans on real estate situated more than 50 miles from the association's office, as described in Wis. Adm. Code section S-L 18.04.

(12) **INELIGIBLE SECURITY FOR PARTICIPATION LOANS.** Subdivision loans and loans to builders on fully-improved residential lots, as defined in Wis. Adm. Code subsections S-L 18.01 (8) and (9), shall not be eligible real estate security for participation loans.

(13) **SALE OF PARTICIPATING INTERESTS IN MORTGAGE LOANS.** The sale of a participating interest in any mortgage loan shall be without recourse.

(14) **APPLICABILITY OF OTHER STATUTORY AND CODE PROVISIONS.** All participation loans, whether retained portions of those originated or the participating interests purchased from other lenders, must conform to other applicable standards, requirements and restrictions as contained in Ch. 215, Wis. Stats., and the Savings and Loan section (S-L) of the Wisconsin Administrative Code.

(15) **PARTICIPATION LOANS AS JOINT MORTGAGEE WITH OTHER LENDERS.** (a) Any association may make joint loans with other lenders. Each joint mortgage shall be evidenced by a single mortgage securing the mortgage notes held by the mortgagees participating in such joint venture.

(b) All joint mortgage loans shall conform to all other requisites pertaining to location of real estate security, type of real estate security and maximum loan ratio to appraisal value.

(c) At the time of closing a joint mortgage loan, the participating lenders shall execute an agreement setting forth the following:

1. The lender who will collect escrow payments for taxes and insurance and charged with the responsibility of determining that taxes and insurance premiums are paid.

2. The person or persons delegated with the responsibility of providing the necessary insurance coverage, and the name of the lender who will hold such insurance policies.

3. The collection of monthly payments from the mortgagor and the pro-rata remittance thereof to the participating lenders.

4. Conditions precedent for foreclosure proceedings.

5. Such other matters necessary to protect the interests of all lenders participating in the joint mortgage.

History: Cr. Register, January, 1964, No. 97, eff. 2-1-64; r. and recr., Register, September, 1965, No. 117, eff. 10-1-65.

S-L 18.13 Subdivision loans. (1) **WHEN PERMITTED.** Any association whose total general reserves and undivided profits are equal to or exceed 5% of total assets, may make subdivision loans authorized by subsection 215.21 (16), Wis. Stats.

(2) **LOCATION OF REAL ESTATE SECURITY.** The land securing loans of this type shall be situated in Wisconsin and not more than 50 miles distant from the association's office.

(3) **TITLE OF REAL ESTATE SECURITY.** The title of the real estate security to all loans of this type shall be on land in fee simple.

(4) **AGGREGATE OF SUBDIVISION LOANS.** The aggregate of subdivision loans shall not exceed 5% of the association's total assets.

(5) **LOANS TO ONE BORROWER.** The total of loans made to any single borrower, for the purposes described in Subsec. 215.21 (16), Wis. Stats., shall not exceed 20% of the aggregate amount prescribed in subsection (4) above.

(6) **TYPES OF SUBDIVISION LOANS.** Subsec. 215.21 (16), Wis. Stats., permits the following types of subdivision loans:

(a) A loan, the proceeds of which will be used by the applicant borrower to acquire, develop and improve land for primarily residential use, or

(b) A loan, the proceeds of which will be used by the applicant borrower to develop and improve land, owned by him, for primarily residential use.

(7) **MORTGAGE AND MORTGAGE NOTE.** The amount of the loan specified in the mortgage and mortgage note shall not exceed 60% of the