

and in part for business purposes, shall not exceed 80% of the appraised value of the real estate security.

(b) *Other-home-type properties and other combination-home-and-business-type-properties.* Any mortgage loan secured by real estate upon which is erected or upon which it is immediately planned to 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 80% 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 75% of the appraised value of the real estate security.

(d) *Loans to 100% of value.* In order to provide funds for financing of housing to low and moderate income families, an association may make loans not in excess of 100% of appraised value granted under the Housing Opportunity Allowance Program, 12 CFR 527. Loans made pursuant to the provisions of this section will not be subject to the mandatory security requirements set forth in section S-L 8.10.

(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.

(5) **VACANT LOTS.** Any mortgage loan secured by a vacant lot, as defined in Wis. Adm. Code section S-L 18.01 (10), shall not exceed 80% of either the appraised value or the sale price of the real estate security, whichever is the lesser.

(6) **SPECIFIC RESERVES ON LOANS EXCEEDING AMOUNTS PERMITTED.** Any association granting a loan or loans in excess of the maximum amounts or ratios set forth in this section shall immediately set up a specific reserve for the excess amount loaned by a charge to its current earnings, and maintain such specific reserve until the unpaid balance of the loan reaches the maximum amount authorized. After the loan has been reduced to its maximum authorized level, the speci-

fic reserve shall be transferred to undivided profits or any other general reserve account as designated by the board of directors.

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; cr. (5), Register, November, 1966, No. 131, eff. 12-1-66; renum. (5) to be (6), and cr. (5), Register, January, 1968, No. 145, eff. 2-1-68; am. (2) (b) and (c), Register, July, 1971, No. 187, eff. 8-1-71; renum. S-L 18.10 (9) to be S-L 18.02 (2) (d) and am., Register, September, 1971, No. 189, eff. 10-1-71.

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 secured by "commercial-type" property, shall also be a part of the total assets limit set for "commercial-type" properties in section 215.21 (7) (c), Wis. Stats., and shall be included in both categories.

(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.

(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 interest in mortgage loans purchased from other lenders, shall not exceed 40% of the association's total assets. FHA or VA loans are excluded from this category.

(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.

(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-half (50%) of the 5% limit prescribed in par. (a), above.

(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-half (50%) of the 1% aggregate total imposed by section 215.21 (17), Wis. Stats.

(6) **VACANT LOTS.** The aggregate of loans secured by vacant lots, as defined in Wis. Adm. Code section S-L 18.01 (10), shall not exceed 3% of the association's total assets.

(7) **LOANS IN EXCESS OF \$200,000.** The aggregate of loans in excess of \$200,000, regardless of the type of security or method of loan repayment, is limited in amount and shall remain a part of this category in accordance with section 215.21 (27), Wis. Stats.

(8) **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; r. and recr. (3) (a), Register, October, 1966, No. 130, eff. 11-1-66; renum. (6) to be (7), and (7) to be (8), and cr. (6), Register, January, 1968, No. 145, eff. 2-1-68; am. (1) (c); r. (1) (d), (2) (c), (3) (c), (4) (c) and (5) (c), and am. (7), Register, September, 1971, No. 189, eff. 10-1-71; am. (4) (b) and (5) (b), Register, January, 1972, No. 193, eff. 2-1-72.

S-L 18.04 Lending area. The lending area of an association is defined as that area specified in section 215.21 (2), Wis. Stats.

History: Cr. Register, January, 1964, No. 97, eff. 2-1-64; am. Register, September, 1971, No. 189, eff. 10-1-71.

S-L 18.05 Approved appraisers and appraisal reports. (1) **APPROVED APPRAISERS.** (a) Any person, possessing the qualifications herein described is hereby approved by the Savings and Loan Commissioner as qualified to render appraisals on real estate securing loans described in section 215.21 (9), Wis. Stats:

1. Membership in a recognized professional appraisal group organization or society, or

2. At least 10 years of appraisal work or possesses such training and experience which, in the opinion of the board of directors, would qualify him to make appraisals, or

3. Staff appraiser of any recognized appraisal firm, association, bureau or corporation, and who further meets the qualifications under sub-paragraphs (1) or (2) above.

(b) No approved appraiser shall render any appraisal reports to an association unless his appointment as such has been designated by name in a resolution adopted by the board of directors.

(c) Any association may, by board resolution, designate by name and employ an appraiser or appraisers, approved by the commissioner, to appraise real estate security on all loans.

(d) The association's duly appointed appraisal committee is not qualified as a committee to render appraisals pursuant to section 215.21 (9) (a), Wis. Stats. However, any member of such appraisal committee possessing the qualifications, prescribed in paragraph (a) above, may, upon proper resolution of the board of directors, render appraisals on real estate security described in section 215.21 (9) (a), Wis. Stats.

(e) The association's duly appointed appraisal committee is qualified to appraise any real estate security for loans except such real estate security as described in section 215.21 (9) (a), Wis. Stats.

(f) No approved appraiser or member of a duly appointed appraisal committee shall appraise real estate security for a loan if he has an interest in such property.

(2) APPRAISAL REPORTS. Each appraisal report must be signed by the appraiser, if the appraisal was made by an approved appraiser, or by a majority of the appraisal committee members if the appraisal was made by the association's appraisal committee. Each appraisal report shall set forth the value of land and improvements separately, and such other data and information to substantiate the "Reasonable Market Value" required by section 215.21 (18), Wis. Stats.

(3) SPECIAL APPRAISALS; SPECIFIC RESERVES. (a) The commissioner may employ independent appraisers of his own choice to reappraise any or all of the real estate securing the loans made by the association when he determines that:

1. The association's appraisals may be excessive; or
2. The association's lending policies or procedures may be of a marginal nature, or
3. The association's appraisal policies and practices may not conform with generally accepted and professional appraisal standards; or
4. The association's assets, secured by real estate are overvalued; or
5. The association, in order to correct violations of lending restrictions relating to maximum amounts or authorized maximum ratios, reappraises the real estate securing such loans to qualify such loans as complying with prescribed amounts or maximum ratios set forth in this section, or
6. The annual supervisory examination report discloses high ratios of mortgage loan delinquencies, loan concentration secured by real estate situated in declining areas, loan concentration to speculative builders, granting of new loans or extending existing mortgage loans to speculative builders when such speculative builder is indebted to the association on completed structures which have remained unsold for an undue period of time, appraisals made by the association's appraisal committee substantially exceed sales prices, the disbursement of funds on construction, loans in advance of the actual progress of construction, or any other adverse factors or trends which would tend to impair the value of the assets of the association.

(b) The cost of such appraisals shall be paid promptly by the association to the appraiser who made the appraisals.

(c) If the appraisals, as described in par. (a) above, reveal that the unpaid balance of individual loan accounts exceed the maximum amounts or ratios as set forth in this section, the association shall,