

Chapter S-L 18

MORTGAGE LOANS

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Note: Chapter S-L 18 as it existed on June 30, 1976 was repealed and a new chapter S-L 18 was created effective July 1, 1976.

S-L 18.01 Definitions. In this chapter:

- (1) "Association" means an association or a foreign association as defined by s. 215.01 (1) or (9), Stats.
- (2) "Builder's lot" means a lot suitable for construction of dwelling units and purchased by a builder for the construction of one or more dwelling units thereon.
- (3) "Commissioner" means the commissioner of savings and loan or his or her authorized representative.
- (4) "Development loan" means a loan made on the security of a builder's lot or subdivision property.
- (5) "Dwelling unit" means a single unified combination of rooms designed for residential use by one family.
- (6) "Mortgage insurance" means a policy of insurance indemnifying a lender in whole or in part against losses resulting from a borrower's failure to make contractual payments as specified in a mortgage note.
- (7) "Participating interest" means a mortgagee's interest in a participation loan.
- (8) "Participation loan" means a mortgage loan evidenced by a note in which the purchaser owns an interest of less than 100%.
- (9) "Subdivision property" means a tract of land that is being developed into lots for primarily residential purposes.
- (10) "Value" means, with reference to real estate securing a mortgage loan, the reasonable market value of the property as appraised under S-L 18.15.

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76; r. and recr. (2), (16), (19) and (20), Register, May, 1978, No. 269, eff. 6-1-78; r. (20), renum. (7) to (19) to be (8) to (20), cr. (7), Register, June, 1979, No. 282, eff. 7-1-79; r. and recr., Register, April, 1982, No. 316, eff. 5-1-82.

S-L 18.03 Purpose and scope. (1) **ADDITIONAL JUDGMENT REQUIRED.** This chapter establishes minimum requirements governing mortgage loans. Circumstances surrounding a particular loan may demand an association to adhere to more stringent standards than the minimum re-

quirements prescribed. The minimum requirements of this chapter are not a substitute for additional business judgment by an association. The commissioner may require that corrective action be taken when he determines that an association's lending practices or procedures are imprudent, even though individual loans may comply with this chapter.

(2) **LIMITED APPLICABILITY.** This chapter does not apply to a loan which may be made without real estate security, but for which an association obtains the additional security of a real estate, if the association elects not to make the loan under this chapter at the time the loan is made. The requirements and restrictions on real estate used as qualifying security for a mortgage loan made in accordance with this chapter do not apply to property obtained as additional security for a loan.

(3) **CHAPTER 45 OR 219 INVESTMENTS EXEMPT.** The requirements, limitations and restrictions contained in this chapter do not apply to any loan, advance of credit or investment, which is authorized under ch. 45 or 219 Stats.

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76; am. (2) and (3), Register, April, 1982, No. 316, eff. 5-1-82.

S-L 18.05 Maximum loan to value ratios. (1) **DEFINITIONS.** In this section "first lien" includes any mortgage the priority of which is insured over any other lien or encumbrance by a title insurance policy issued to the mortgage lender.

(2) **LIMITATIONS; FIRST LIEN MORTGAGES.** Except as provided in sub. (4), an association may not make a loan secured by a first lien mortgage in an amount in excess of 90% of the value of the real estate security.

(3) **LIMITATIONS; JUNIOR LIENS.** An association may not make a loan secured by a mortgage other than a first lien mortgage in an amount in excess of:

(a) The maximum amount the association would be authorized to lend on the security of a first lien on the mortgaged property; minus

(b) The unpaid balance of all other outstanding loans secured by the mortgaged property and any other unsatisfied liens against that property.

(4) **EXCEPTIONS: LOANS TO 100% OF VALUE.** An association may make a loan in an amount up to 100% of the value of the real estate security if:

(a) *Loans with mortgage insurance.* That portion of the loan exceeding the maximum amount permitted under sub. (2) is fully covered by mortgage insurance or is fully secured by a combination of mortgage insurance and additional collateral provided under par. (c).

(b) *Government-backed loans.* 1. An agency of the federal government or of this state or a political subdivision of this state has made a written commitment to indemnify the association for at least 90% of any loss the association may incur on the loan, and the association has a reasonable basis to believe that any conditions upon which the commitment is based will be met; or

2. An agency of the federal government or of this state or a political subdivision of this state has made a written commitment to purchase the loan or the property securing the loan, and the association has a reason-