

Chapter S-L 12

NET WORTH REQUIREMENTS

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Note: Chapter S-L 12 as it existed on July 31, 1981 was repealed and a new chapter S-L 12 was created effective August 1, 1981.

S-L 12.01 Definition. In this chapter, a savings and loan association's "net worth ratio" means the ratio, expressed as a percentage, the numerator of which is the result of subtracting the association's liabilities from its assets and adding to that number unallocated, general loan loss reserves (but not loss reserves for specific, identified losses) and the denominator of which is the association's assets.

History: Cr. Register, July, 1981, No. 307, eff. 8-1-81; r. and recr. Register, June, 1987, No. 378, eff. 7-1-87.

S-L 12.02 Legal reserve requirement. History: Cr. Register, July, 1981, No. 307, eff. 8-1-81; r. Register, June, 1987, No. 378, eff. 7-1-87.

S-L 12.03 Net worth requirement. (1) LEVEL TO BE MAINTAINED. (a) *General provision.* Except as provided in par. (b), an association shall at all times maintain a net worth ratio in an amount not less than 6.0%. This level shall be attained according to the following schedule:

1. 4% by December 31, 1987.

2. After each subsequent calendar year, effective January 1 of the following year, until the level of 6% is attained, the minimum required net worth ratio shall increase by the lesser of .25% or the ratio, expressed as a percentage, the numerator of which is the net income for all Wisconsin, state chartered savings and loan associations and the denominator of which is the average assets of those associations for the 12 months ending December 31 of that year.

(b) *Exceptions.* The commissioner may require an association to maintain net worth higher than that specified in par. (a) if the commissioner determines that the nature of the association's operations otherwise entails a risk requiring a greater net worth ratio to assure the association's stability.

(2) **ACTIONS TO RE-ESTABLISH COMPLIANCE.** (a) *Generally.* If an association's net worth ratio falls below the level required under sub. (1), the commissioner may, by order issued under ch. S-L 25, direct the association to adhere to a specific written plan established by the commissioner to correct the association's net worth ratio deficiency. In addition to any other provisions, the plan may:

1. Require the association to maintain an increased level of liquidity specified by the commissioner.

2. Require the association to cease or limit specified expenditures.

3. Prevent the association from originating or purchasing loans of one or more types.

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4. Prevent the association from making specified investments, including investments under chs. S-L 22 and 24, and investments otherwise permitted under s. 215.13 (26), Stats.

5. Prevent the association from filing applications for branch offices.

6. Prevent the association from opening customer savings accounts of any specified class, category or amount, or at any specified interest rate.

7. Prevent the association from accepting additions to existing savings accounts, except under such conditions as may be specified by the commissioner.

(b) *Additional measures pertaining to stock associations.* No stock association may pay a dividend to stockholders or otherwise distribute any profits when its net worth ratio is, or if upon such payment or distribution would be, below that required under sub. (1) unless the association receives the commissioner's prior written approval.

History: Cr. Register, July, 1981, No. 307, eff. 8-1-81; am. (2), Register, February, 1983, No. 226, eff. 3-1-83; am. (1) (a) (intro.), r. (1) (b) 2., (2) and (3) (b) 2., r. and recr. (1) (a) 1. and 2., renum. (1) (b) 1., (3) (a) and (b) 1. to be (1) (b), (2) (a) and (b) and am., Register, June, 1987, No. 378, eff. 7-1-87.

S-L 12.04 Other powers retained. Nothing in this chapter shall limit the commissioner's authority to take such other remedial measures as he or she may deem necessary to safeguard the interests of the public and the association.

History: Cr. Register, July, 1981, No. 307, eff. 8-1-81.