

Chapter S-L 4

MORTGAGE LOANS

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S-L 4.01 Appraisals on home-type and combination-home-and-business type properties. (1) BY WHOM MADE. (a) All improved real estate located outside of Milwaukee county and the towns of Brookfield and New Berlin, Waukesha county, offered as security for mortgage loans, whether with existing structures or upon which new construction is anticipated, shall be appraised by the association's appraisal committee, except that any eligible real estate offered as security for a loan in excess of \$50,000 shall be appraised by appraisers approved by the commissioner.

(b) All improved real estate located in Milwaukee county and in the towns of Brookfield and New Berlin in Waukesha county, offered as security for mortgage loans, whether with existing structures or upon which new construction is anticipated, shall be appraised by an independent appraiser approved by the commissioner operating through an approved appraisal bureau also approved by him.

(2) BASIS OF APPRAISALS. All appraisals shall be based upon reasonable market value of the improved real estate pledged as collateral security.

(3) MAXIMUM LOAN RATIO TO APPRAISED VALUE. (a) Except as otherwise provided in sections 215.22 (5), 215.22 (6) (b) and 215.22 (10), Wis. Stats., and section S-L 4.05 (3), Wisconsin Administrative Code, no loan shall exceed 80% of the appraised value of the improved real estate pledged as collateral security, provided that said security consists of either a home-type property or a combination-home-and-business-type property.

(b) The maximum amount loaned on any improved real estate shall be based solely on the value of improved real estate security, exclusive of the value of any type or kind of additional collateral that may be pledged to such loan.

(4) DISPENSING WITH INDEPENDENT APPRAISAL REPORTS. Appraisals by independent appraisers, as required by subsection (1) (b) above, may be dispensed with when the mortgage loan does not exceed 60% of the appraised value of the improved real estate as determined by the association's appraisal committee.

(5) V.A. OR F.H.A. APPRAISALS. Official appraisals, rendered either by the veterans' administration or the federal housing administration,

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may be used in lieu of any of the foregoing for insured, guaranteed or conventional loans provided such action is in compliance with the by-laws of the association.

**History:** 1-2-56; r. and recr. (4), Register, January, 1959, No. 37, eff. 2-1-59.

**S-L 4.02 Opinions of title. (1) OPINIONS OF TITLE FROM ABSTRACTS.**

(a) 1. Upon the approval of a mortgage loan by the association and upon the acceptance of the loan commitment by the applicant, the association shall cause a check of the public records to be made by an abstractor or other competent person to determine incumbrances, judgments, liens and taxes for the purpose of obtaining preliminary information for the preparation of the loan file. Such preliminary file of reports shall be in writing. The preliminary opinion of title shall be made in writing by an attorney at law.

2. At the time of loan closing, after all necessary conveyances, mortgages, mortgage notes, satisfactions and releases have been executed, the association, upon information and belief contained in its preliminary title search, may disburse loan proceeds.

3. Immediately after loan closing, all deeds, mortgages, satisfactions and releases shall be recorded, and from the extension of the abstracts, describing the mortgaged premises, the association's attorney or any attorney approved by the association shall examine such abstracts and render a final opinion of title in writing advising the association that each borrower has good title, and that the association's mortgages are first liens thereon.

(b) On all real estate acquired by the association, the association's attorney shall examine such abstracts and in writing advise the association that it does have good and merchantable title.

(2) **TITLE GUARANTY POLICIES; WHEN ACCEPTABLE.** (a) 1. Upon approval of a mortgage loan by the association and upon the acceptance of the loan commitment by the applicant, the association, in lieu of opinions of title from abstracts, shall obtain a preliminary report, letter, binder or commitment to insure from the title guaranty insurance companies showing status of title, incumbrances, judgments, liens and taxes for the purpose of obtaining preliminary information for the preparation and closing of the loan.

2. At the time of loan closing, after all necessary conveyances, mortgages, mortgage notes, satisfactions and releases have been executed, the association, upon information and belief contained in preliminary reports, letters, binders or commitments to insure, may disburse loan proceeds.

3. Immediately after loan closing, all deeds, mortgage, satisfactions and releases shall be recorded, and title guaranty policies, insuring titles of borrowers and first liens to the association shall be obtained within 2 months on conventional loans and within 1 year on construction loans unless extended pursuant to Section 215.22 (5) (b), Wisconsin Statutes. Every savings and loan association shall have the discretionary right to determine whether its duly appointed attorney shall render an opinion of title on the real estate on which a title policy of insurance has been accepted by the association.

(b) In lieu of opinions of title secured from abstracts, title guaranty policies, guaranteeing good and merchantable title in the name of the association, will be acceptable on real estate acquired.

(3) **FILING OF OPINIONS OF TITLE AND TITLE GUARANTY POLICIES.** Written opinions of title and title guaranty policies shall be placed in the files with the other mortgage papers or the papers relative to association real estate to which they pertain.

**History:** 1-2-56; r. and recr. (1)(a) and (2)(a), Register, January, 1959, No. 37, eff. 2-1-59.

**S-L 4.03 Types of real estate unacceptable as mortgage loans security.** No savings and loan association shall, without the consent of the commissioner, make a mortgage loan on any real estate where any one of the following conditions exists:

(1) Where access to the real estate can only be obtained by means of an easement or otherwise over other real estate not pledged as security to said loan.

(2) Where said real estate does not abut on a street or lane. An alley shall not be considered as a street or lane.

(3) Where real estate is located to the rear of another parcel of real estate owned by a party or parties other than the owner of the real estate taken as security for the loan.

**S-L 4.04 Construction loans.** Proceeds of a loan made for the purpose of meeting the cost of constructing a building and monies deposited with an association by a member for the same purpose shall be subject to disbursement only to the borrowing member or upon a written order signed by the borrowing member or his duly authorized agent directing that payment be made to a contractor, subcontractor or material man furnishing labor and material on the property pledged as security for a loan.

**S-L 4.05 Mortgage loans secured by any type of improved real estate.** (1) **TYPES OF ELIGIBLE IMPROVED REAL ESTATE SECURITY.** Any association granting mortgage loans under the permissive authority of section 215.22 (10), Wis. Stats., may include the following types of improved real estate as collateral security in the 15% aggregate of such loans:

(a) Home-type properties, when the loan exceeds \$50,000;

(b) Combination-home-and-business-type properties, when the loan exceeds \$50,000;

(c) Other-than-home-type properties, including:

1. Properties used for manufacturing purposes;

2. Theaters;

3. Public halls;

4. Public garages;

5. Churches;

6. School buildings;

7. Hotels.

(2) **INELIGIBLE REAL ESTATE SECURITY.** No mortgage loan, made under the permissive authority of section 215.22 (10), Wis. Stats., can be secured by unimproved real estate, unless such unimproved real estate is pledged as additional collateral security with improved real estate. The provisions of section S-L 4.01 (3) (b) are applicable to unimproved real estate pledged as additional collateral security.

(3) **MAXIMUM LOAN RATIO TO APPRAISED VALUE.** Except as otherwise provided in section 215.22 (5), Wis. Stats., no loan granted pursuant to section 215.22 (10), Wis. Stats., shall exceed 70% of the appraised

value of the improved real estate offered as collateral security as fixed by an approved appraiser operating through an approved appraisal bureau or an appraiser approved by the commissioner. The appraised value shall be the reasonable market value of the improved real estate pledged as collateral security.

(4) OTHER STATUTORY PROVISIONS APPLICABLE. (a) Each loan made pursuant to section 215.22 (10), Wis. Stats., is also subject to the provisions of section 215.22 (6) (a), Wis. Stats., and section S-L 4.07, relating to the maximum amount of loans to any one borrower.

(b) Each loan made pursuant to section 215.22 (10), Wis. Stats., and which is in excess of \$50,000 is also subject to the provisions of section 215.22 (6) (c), Wis. Stats., which limits the aggregate of loans in excess of \$50,000 to 15% of the total assets of the association.

(c) Each loan made pursuant to section 215.22 (10), Wis. Stats., on the straight mortgage plan is also subject to the provisions of section 215.22 (5), Wis. Stats., which limits the amount of loan to appraised values on existing structures (depending upon the term of the loan), and the aggregate of straight mortgage loans to 15% of the share capital of the association.

(5) PROCEDURE AFTER 15% AGGREGATE OF MORTGAGE LOANS, SECURED BY ANY TYPE OF IMPROVED REAL ESTATE, IS REACHED. (a) After an association has used up 15% of its assets for the making of mortgage loans pursuant to section 215.22 (10), Wis. Stats., the mortgage lending activity of the association shall be confined solely to loans on improved real estate consisting of home-type or combination-home-and-business type of properties.

(b) After an association has used up 15% of its assets for the making of mortgage loans pursuant to section 215.22 (10), Wis. Stats., any loan in excess of \$50,000, secured by home-type property or combination-home-and-business-type property, shall be subject to the 65% appraisal limitation of section 215.22 (6) (b), Wis. Stats.

(c) Whenever the aggregate of mortgage loans, made pursuant to the provisions of section 215.22 (10), Wis. Stats., is less than 15% of the total assets of the association, as a result of loan repayments, then the association may resume the making of mortgage loans on any type of improved real estate, subject to the provisions of this section.

**S-L 4.06 Renewal of straight mortgage loans.** Any savings and loan association renewing or extending straight mortgage loans, pursuant to the provisions of section 215.22 (5), Wis. Stats., shall follow the following procedure:

(1) The borrower shall request in writing his desire for an extension of his mortgage. Such application shall identify the mortgage sought to be renewed or extended and shall state the additional time desired, and shall be signed by the borrower.

(2) The board of directors shall formally approve or disapprove such application, stating the time granted for which the mortgage is renewed or extended, and the rate of interest to be paid.

(3) If the board of directors shall approve such application, an "extension of mortgage" form shall be executed by the borrower and the association in such form as shall enable it to be recorded in the office of the register of deeds.

**S-L 4.07 Maximum amount of loans to one borrower.** The aggregate of loans to any one borrower shall consist of any loans made directly to him and to any corporation of which he is an officer, director or shareholder. The total amount of such loans shall be subject to the limitations prescribed in section 215.22 (6) (a), Wis. Stats.

**S-L 4.20 Definitions.** (1) "HOME-TYPE PROPERTY" means a property that has one or more residential units. Apartment houses, irrespective of number of residential units, are included in this classification.

(2) "COMBINATION-HOME-AND-BUSINESS-TYPE PROPERTY" means a single piece of property consisting of one or more residential units and business units. The business units may consist of stores, offices or light manufacturing enterprises.

(3) "OTHER-THAN-HOME-TYPE PROPERTY" means business or commercial property which does not have any residential units.

(4) "RESIDENTIAL UNIT" means the domicile housing one family.

(5) "IMPROVED REAL ESTATE" means a parcel of land upon which is erected or upon which it is immediately planned to erect a home-type property, combination-home-and-business-type property or other-than home-type property.

(6) "UNIMPROVED REAL ESTATE" means vacant lots or vacant lands.

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