

Chapter DFI-Bkg 18

LOANS AND INVESTMENTS

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Note: Chapter Bkg 18 was renumbered Chapter DFI-Bkg 18 under s. 13.93 (2m) (b) 1., Stats., and corrections made under s. 13.93 (2m) (b) 6. and 7., Stats., Register, June, 1997, No. 498, eff. 7-1-97.

DFI-Bkg 18.01 Definitions. In this chapter:

(1) "Investment" means moneys advanced, directly or indirectly by a bank or its subsidiary in listed or unlisted stocks, capital notes and debentures, bonds, real estate, small business investment companies and other obligations or securities as are permitted by law or administrative rule.

(2) "Security" means the interest pledged to a bank or its subsidiary for a loan. Permissible forms of security include real estate, business assets, listed and unlisted securities, cash surrender value of life insurance, limited partnerships but not as a general partner and other forms as permitted by law or administrative rule. Loans under s. 221.0321 (1), Stats., need not be secured.

(3) "Subsidiary" means any business in which a parent bank owns an interest of at least 80% of the voting stock pursuant to s. DFI-Bkg 3.04.

History: Cr. Register, May, 1987, No. 377, eff. 6-1-87; correction in (2) made under s. 13.93 (2m) (b) 7., Stats., Register October 2001 No. 550.

DFI-Bkg 18.02 Loans or investment limited. (1) A bank or its subsidiary is limited for its aggregate loan or investment portfolio to the respective percentage established by the administrator of the division of banking pursuant to s. 221.0321 (3), Stats.

(2) The statutory limitations with respect to officers', directors' and employees' of a bank, as set forth at s. 221.0625, Stats., are applicable to and included in calculating the appropriate amounts of such officers', directors' or employees' involvement, relationship, ownership or other participation through a subsidiary.

History: Cr. Register, May, 1987, No. 377, eff. 6-1-87; corrections made under s. 13.93 (2m) (b) 7., Stats., Register October 2001 No. 550.

DFI-Bkg 18.03 Procedure for determination of applicable percentage. Prior to lending or investing by a bank or its subsidiary pursuant to s. 221.0321, Stats., the bank or subsidiary shall request the administrator of the division of banking to make a determination establishing applicable percentage limitations. The administrator's determination may include consideration of the bank's assets, management and liquidity ratio and its capital ratio. The administrator of the division of banking shall

report the determination to the requestor within 60 days from the date of the receipt of the request.

History: Cr. Register, May, 1987, No. 377, eff. 6-1-87; correction made under s. 13.93 (2m) (b) 7., Stats., Register October 2001 No. 550.

DFI-Bkg 18.04 Review of percentage determination and compliance with other laws. (1)

The administrator of the division of banking may review the determination made and establish, withdraw or suspend the percentage in effect after consideration of factors such as the bank's capital, capital ratio, asset quality, management, earnings, liquidity ratio, contingent liabilities and off balance sheet risk. After any loss is reported the administrator of the division of banking shall have 60 days to review and establish, withdraw or suspend a percentage pursuant to s. 221.0321, Stats.

(2) Nothing in this chapter shall be construed to imply that the bank or its subsidiary can enter into such transactions without compliance with Wisconsin Statutes and other applicable laws or administrative rules.

History: Cr. Register, May, 1987, No. 377, eff. 6-1-87; correction in (1) made under s. 13.93 (2m) (b) 7., Stats., Register October 2001 No. 550.

DFI-Bkg 18.05 Notification. The bank or its subsidiary shall prior to disposition of, or withdrawal from, the loan or investment inform the administrator of the division of banking by letter of the terms of the transaction. The bank or its operating subsidiary shall provide a financial statement to the administrator of the division of banking within 90 days after the close of its fiscal year. It shall further provide the administrator of the division of banking a copy of the board of directors resolution or resolutions approving any investments or loans or taking any action with regard thereto pursuant to s. 221.0321, Stats.

History: Cr. Register, May, 1987, No. 377, eff. 6-1-87; correction made under s. 13.93 (2m) (b) 7., Stats., Register October 2001 No. 550.

DFI-Bkg 18.06 Accounting. The bank or its subsidiary shall follow the instructions approved for use by the office of administrator of the division of banking for the preparation of reports in the reports of condition and income to account for investments made pursuant to s. 221.0321, Stats.

History: Cr. Register, May, 1987, No. 377, eff. 6-1-87; correction made under s. 13.93 (2m) (b) 7., Stats., Register October 2001 No. 550.

DFI-Bkg 18.07 Losses. The bank or its subsidiary shall within 30 days report any losses incurred on loans or investments made pursuant to s. 221.0321, Stats.

History: Cr. Register, May, 1987, No. 377, eff. 6-1-87; correction made under s. 13.93 (2m) (b) 7., Stats., Register October 2001 No. 550.