

## Chapter 54

## REAL ESTATE MORTGAGES IN CREDIT UNIONS

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**Bkg 54.01 Limitation on real estate mortgages.** Any credit union whose assets are in excess of \$25,000 may invest in real estate mortgage loans to members out of surplus funds only, subject to the following restrictions:

- (1) The maximum individual loan shall be in ratio to total assets:
  - (a) Total assets of less than \$75,000—Maximum Loan—\$3,000;
  - (b) Total assets of \$75,000 to \$187,500—Maximum Loan—4% of Total Assets;
  - (c) Total assets of \$187,500 to \$300,000—Maximum Loan—\$7,500;
  - (d) Total assets of \$300,000 to \$500,000—Maximum Loan—\$10,000;
  - (e) Total assets of \$500,000 to \$750,000—Maximum Loan—\$12,500;
  - (f) Total assets of \$750,000 and over—Maximum Loan—\$15,000.
- (2) The total aggregate of real estate mortgage loans shall not exceed:
  - (a) Total assets of less than \$100,000—30% of total assets;
  - (b) Total assets of \$100,000 to \$250,000—35% of total assets;
  - (c) Total assets of \$250,000 to \$500,000—40% of total assets;
  - (d) Total assets of \$500,000 to \$750,000—42½% of total assets;
  - (e) Total assets of \$750,000 to \$1,000,000—45% of total assets;
  - (f) Total assets of \$1,000,000 and over—50% of total assets.
- (3) All mortgage loans shall be limited in amount to a maximum of 70% of the appraised value, but shall not exclude premium for life insurance secured for the amount loaned.

(4) Such loans shall be made on improved real estate which is situated within the boundaries of the state of Wisconsin, or within a radius of 25 miles from the credit union office.

(5) No real estate mortgage shall be made for a period in excess of 22 years, and it shall be amortized monthly by equal payments of principal and interest.

(6) All mortgage loans shall be limited to owner-occupied property. In the case of multiple units, one must be owner-occupied.

**History:** 1-2-56; am. (5), Register, January, 1960, No. 49, eff. 2-1-60; cr. (6), Register, May, 1962, No. 77, eff. 6-1-62.

**Bkg 54.02 Monthly payment to include tax and insurance.** (1) Each member shall, in addition to the required monthly payment, deposit with the credit union each month, a sum equal to one-twelfth of the estimated annual tax plus one-twelfth of the annual insurance premiums.

(2) A credit union may apply such receipts for insurance and taxes at the time of receipt as a reduction of the principal amount due on the real estate mortgage loan with the provision that the credit union will advance such funds for the payment of taxes and insurance when

such payments become due and the amount of such payments shall then be added to the principal amount of the respective real estate loan.

**History:** 1-2-56; renum. to be (1) and am.; cr. (2), Register, June, 1963, No. 90, eff. 7-1-63.

**Bkg 54.03 Appraisal of property.** (1) All property on which real estate mortgage loans are made must be appraised by an appraiser qualified as a licensed real estate broker or by a person whose experience would indicate his competence to make appraisals for loan purposes. No appraiser shall be an officer, director or employee of the credit union for which the property is being appraised and no appraiser shall be directly or indirectly interested in any property appraised.

(2) Neutral appraisals shall not be required when the application for a mortgage loan is in an amount less than 50% of the current assessed tax value and such loan is supported by an appraisal by a committee representing the board of directors and/or credit committee.

(3) All appraisals shall indicate a sound value for loan purposes and the appraisal of land and improvements shall be indicated separately.

(4) In addition to the required outside appraisal, an examination or an inspection report shall also be on file indicating that the property has been examined or inspected by some other person or persons authorized by the board of directors. Such signed report shall reflect an expression or an opinion as to the desirability or acceptability of such property for the loan in question.

(5) Each appraisal report submitted in support of an application for a real estate mortgage loan shall be accompanied by a photograph showing a front view of each building on the property to be mortgaged and photographs from the street in front of said property showing neighboring properties in each direction, to reflect the character of the area.

**History:** 1-2-56; cr. (5), Register, May, 1962, No. 77, eff. 6-1-62.

**Bkg 54.04 Required supporting data.** Each mortgage loan made by a credit union shall be supported by the following documents and information:

(1) The note properly executed and the mortgage instrument properly signed and recorded;

(2) Abstract of title or owner's title policy showing title in the borrower and the mortgage to the credit union or a mortgage policy in favor of the credit union;

(3) An attorney's opinion indicating that the mortgage is a first lien;

(4) Fire insurance or fire and extended coverage insurance shall be carried in an amount equal to the amount of the loan or to the full, insurable value of the buildings, whichever is less.

(5) Original insurance policies must be on file and must contain a mortgage clause in favor of the credit union;

(6) The original or photostatic copy of receipts covering all real estate taxes on the mortgaged property paid since the previous examination;

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(7) A signed appraisal containing the information required by section Bkg 54.03 (1), (2), and (3).

(8) An examination or inspection report containing the information required by section Bkg 54.03 (4).

**History:** 1-2-56; cr. (8), Register, January, 1960, No. 49, eff. 2-1-60; am. (4), Register, June, 1963, No. 90, eff. 7-1-63.