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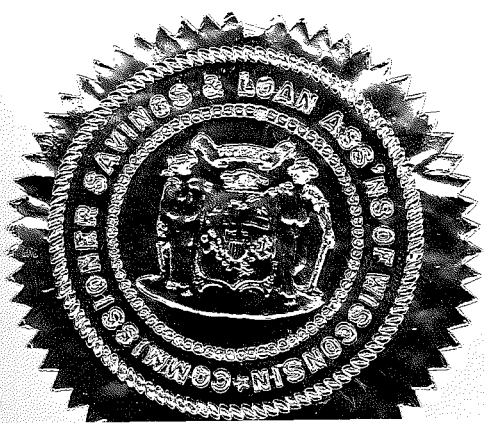
STATE OF WISCONSIN)
 DEPARTMENT OF SAVINGS AND LOAN) SS

I, R. J. WINKOWSKI, Savings and Loan Examiner IV, as Acting Savings and Loan Commissioner, and Custodian of the official records of the Savings and Loan Department, do hereby certify that the annexed Order No. 46, Repealing and Recreating the RULES OF THE SAVINGS AND LOAN DEPARTMENT, WISCONSIN ADMINISTRATIVE CODE, was adopted by the Savings and Loan Commissioner on November 14, 1963, and approved by the Savings and Loan Advisory Committee on November 14, 1963, after a public hearing held on November 14, 1963.

I further certify that publication of annexed Order No. 46 will be made in the Wisconsin Administrative Register of November, 1963, and that said RULES OF THE SAVINGS AND LOAN DEPARTMENT, WISCONSIN ADMINISTRATIVE CODE, contained in said Order will become effective on January 1, 1964.

I further certify that said copy has been compared by me with the original on file in this Department and that the same is a true copy thereof, and the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Department, located at 125 West Doty Street, in the City of Madison, this 18th day of November 1963.



R. J. Winkowski
 R. J. Winkowski
 Savings and Loan Examiner IV
 as Acting Commissioner

SAVINGS AND LOAN DEPARTMENT
STATE OF WISCONSIN

ORDER NO. 46

IN THE MATTER of prescribing Rules and Regulations, pursuant to authority contained in Section 215.02(12)(a), Chapter 315, Laws of 1963, Wisconsin Statutes, for conducting the business of Savings and Loan Associations operating under Chapter 215, Wisconsin Statutes.

WHEREAS, Chapter 315, Laws of 1963, Wisconsin Statutes, as of September 21, 1963, repealed and recreated Chapter 215, Wisconsin Statutes, and

WHEREAS, the Commissioner of Savings and Loan Associations finds that the existing Rules of the Savings and Loan Department, as evidenced by Orders 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44 and 45 are for the most part not in conformity with the provisions of said Chapter 315, Laws of 1963, Wisconsin Statutes, and


WHEREAS, the Commissioner of Savings and Loan Associations finds it necessary to issue additional Rules occasioned by repeal and recreation of Chapter 215, Wisconsin Statutes, by the enactment of Chapter 315, Laws of 1963, Wisconsin Statutes,

NOW, THEREFORE, IT IS ORDERED:

That Orders 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44 and 45, be rescinded and repealed, and

That Order No. 46, a copy of which is annexed hereto, shall be the WISCONSIN ADMINISTRATIVE CODE, RULES OF THE SAVINGS AND LOAN DEPARTMENT, effective January 1, 1964.

Dated this 18th day of November, 1963.


R. J. Winkowski
Savings and Loan Examiner IV,
as Acting Commissioner.

This Order was approved by the Savings and Loan Advisory Committee on November 14, 1963.

ORDER NO. 46

OF THE SAVINGS AND LOAN COMMISSIONER OF WISCONSIN

REPEALING AND RECREATING THE RULES OF THE SAVINGS AND LOAN DEPARTMENT,
WISCONSIN ADMINISTRATIVE CODE, PURSUANT TO AUTHORITY CONTAINED IN SECTION
215.02(12)(a), CHAPTER 315, LAWS OF 1963, WISCONSIN STATUTES, SUBJECT TO
THE PROVISIONS OF CHAPTER 227, WISCONSIN STATUTES.

NOVEMBER 14, 1963

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WISCONSIN ADMINISTRATIVE CODE

Chapter S-L 1

RULES OF PROCEDURE IN HEARINGS

S-L 1.01 Rules and procedure in hearings

S-L 1.01 Rules and procedure in hearings. All hearings before the commissioner of savings and loan associations and the savings and loan advisory committee shall be had in accordance with the rules of procedure hereinafter set forth:

- (1) APPLICATION OF RULES. The following shall be the rules of procedure in hearings before the commissioner of savings and loan associations and the savings and loan advisory committee insofar as the same may be applicable in each case, and in such rules wherever the term commissioner is used it shall mean commissioner of savings and loan associations of Wisconsin and also the savings and loan advisory committee of Wisconsin.
- (2) PLACE. Unless otherwise specifically provided by law or ordered by the commissioner, all hearings shall be held at the office of the commissioner in the State Office Building, 4802 Sheboygan Avenue, Madison, Wisconsin.
- (3) CONDUCT OF HEARINGS. All hearings shall be conducted and presided over by the commissioner or such subordinate as he may designate to hear the matter.
- (4) HEARINGS PUBLIC. All hearings shall be open to the public except where otherwise specifically provided by statute or ordered by the commissioner.
- (5) SUBPOENAS. The commissioner may issue subpoenas for the attendance of a party or any witness at a hearing, whether the commissioner is to conduct the hearing or not. Subpoenas may be in the form provided by section 325.02, Wis. Stats.
- (6) RECORD. All the proceedings at a hearing in a contested case or in any other case where the commissioner shall so determine or any party so request, shall be taken down by a stenographic reporter and the transcript thereof together with all exhibits shall be an official record of such proceedings. Any party desiring a copy of such transcript shall so indicate in advance and shall pay the proper cost thereof, except that in cases where the statutes so provide such transcript shall be provided to any party without charge.
- (7) EVIDENCE. The commissioner shall not be bound by common law or statutory rules of evidence. All testimony having reasonable probative value shall be admitted, but immaterial, irrelevant or repetitious testimony shall be excluded. The rules of privilege recognized by law shall be given effect. Basic principles of relevancy, materiality, and probative force, as recognized in equitable proceedings shall govern the proof of all questions of fact.
- (8) FORM AND STYLE OF PAPERS. All papers filed in connection with any hearing shall be typewritten and, as far as practicable, shall be on paper $8\frac{1}{2}$ inches wide and 11 inches long. An original and 2 copies thereof shall be filed with the commissioner and copies thereof shall also be served or furnished, as the case may be, to any other party or person interested in said proceedings. All papers and pleadings shall bear the names and mailing addresses of representatives presenting the same. All pleadings, notices and other papers shall be

captioned "Before the Commissioner of Savings and Loan Associations" or "Before the Savings and Loan Advisory Committee of Wisconsin."

- (9) SERVICE AND FILING OF PAPERS. Unless otherwise provided by law, all orders, notices and other papers may be served by the commissioner by first class or registered mail addressed to any party at his last known post-office address or to his attorney of record. Papers required to be filed with the commissioner may be mailed to the State Office Building, 4802 Sheboygan Avenue, Madison, Wisconsin 53702.
- (10) NOTICE OF HEARING IN CONTESTED CASES. In all proceedings instituted by the commissioner on complaint or otherwise for the revocation or suspension of any license or permit, or in any other contested matter, the notice of hearing shall contain a statement of the issues involved and may be in substantially the following form:

BEFORE THE COMMISSIONER OF SAVINGS AND LOAN ASSOCIATIONS OF
WISCONSIN

To -----(Name)
----- (Street Address)
----- (City and State)

Respondent

TAKE NOTICE that a hearing will be held on the ----day of ----- at the office of the Commissioner of Savings and Loan Associations at 4802 Sheboygan Avenue, Madison, Wisconsin 53702 (or such other place as may be designated) at ----o'clock ----M., in the matter of (here insert briefly the subject matter of the hearing). The issues involved and the matters there to be considered are: (here insert with reasonable particularity in numbered paragraphs the particular matters and things complained of or at issue with respect to the subject matter of the hearing), to which you are required to make answer in writing at least ----days before the time set for hearing.

Dated at Madison, Wisconsin this ----day of -----, -----.

SAVINGS AND LOAN DEPARTMENT

By:-----

- (11) ANSWER IN CONTESTED CASES. The respondent shall be required to make answer to any such notice in a contested case within the time therein specified and failure to do so shall constitute a default, but such default may be excused upon proper showing upon such terms as may be deemed to be just. The answer of the respondent shall be verified unless an admission of the allegations might subject the respondent to prosecution for a felony. Such answer must contain: (a) a specific denial of each of the material allegations of the charges which are controverted by the respondent; (b) a statement of any new matter constituting a defense or affecting the respondent's situation which respondent wishes to have considered.
- (12) ADMISSION BY NOT DENYING. Every material allegation of the charges not controverted in the answer shall be taken as true, but new matter in the answer shall be deemed controverted without any reply being served or filed.
- (13) PETITION FOR RULES: (a) Any interested person may petition the commissioner requesting the promulgation or amendment or repeal of any rule, the making of which is within the jurisdiction of the commissioner. Every such petition shall specify in detail the particulars in which any rule presently existing is desired to be amended, shall specify with particularity any rule which it is desired should be repealed, and in the event the petition is for the promulgation of

any rule, such petition shall set out the proposed rule in full.

(b) Upon the receipt of any such petition the commissioner may make such investigation as he desires into the matter, holding any conferences or hearings deemed necessary and may give notice of such hearings to all parties which he deems may be interested in said matter. But the commissioner may dispose of any such petition in a summary manner if he so desires.

(14) DECLARATORY RULINGS. Any person in interest may petition the commissioner for a declaratory ruling with respect to the applicability to any persons, property or state of facts in which such person has an interest, of any rule or statute enforced by the commissioner. Any such petition shall be verified by the party presenting the same, and upon receipt of such petition the commissioner may make such investigation of the facts set forth in such petition as he deems desirable, and may hold such hearings upon notice to such petitioner or any other interested party as he may deem necessary or desirable. The commissioner, however, shall not be required to issue any such declaratory ruling and such action shall be discretionary except upon reference of a case in accordance with section 227.05, Wis. Stats.

(15) PREHEARING CONFERENCE. (a) In any matter pending before him the commissioner may direct any party or attorney for any party to appear before the commissioner to consider:

1. Simplification of the issues;
2. The necessity or desirability of amendments to the pleadings;
3. The possibility of obtaining admissions of fact or as to documents which will avoid unnecessary proof;
4. Such other matters as may aid in the disposition of the matter.

(b) The commissioner may make an order reciting the action taken at the prehearing conference, the amendments made to pleadings and the agreements made as to any of the matters considered, and limiting the issues to those not disposed of by admissions or agreements. Such order shall control the subsequent course of the proceedings unless modified at the hearing to prevent manifest injustice.

Chapter S-L 2

ARTICLES OF INCORPORATION

S-L 2.01 Articles of Incorporation

S-L 2.01 Articles of Incorporation. Pursuant to the provisions of Sec. 215.05(1), Wis. Stats., the savings and loan commissioner and the savings and loan advisory committee approve the following form of Articles of Incorporation for savings and loan associations organized under Chap. 215, Wis. Stats.:

ARTICLES OF INCORPORATION

OF

_____ ASSOCIATION

OF _____ WISCONSIN

KNOW ALL MEN BY THESE PRESENTS, That we, the undersigned adult citizens of the State of Wisconsin, do hereby make, sign and agree to the following:

ARTICLES OF INCORPORATION

- ARTICLE FIRST. All powers, privileges, rights and duties granted or imposed by the Statutes of Wisconsin, and Acts amendatory thereof and supplemental thereto, now or hereafter in effect, shall be deemed to be a part of these Articles of Incorporation as though fully stated herein.
- ARTICLE SECOND. The undersigned have associated themselves together for the purpose of incorporating a savings and loan association pursuant to Chapter 215, of the Statutes of Wisconsin, and Acts amendatory thereof and supplemental thereto. The purpose and business of the association shall be the raising of money to be loaned to its members in accordance with said Chapter 215 and the Bylaws of the association.
- ARTICLE THIRD. The name of the association shall be _____ Association.
- ARTICLE FOURTH. The location of the association shall be in the City of _____, in the County of _____, State of Wisconsin.
- ARTICLE FIFTH. The capital of the association is unlimited and shall be governed by Chapter 215, Statutes of Wisconsin, and Acts amendatory thereof and supplemental thereto.
- ARTICLE SIXTH. Membership in the association shall be obtained and terminated in the manner prescribed by Chapter 215, Statutes of Wisconsin, and Acts amendatory thereof and supplemental thereto, and the Bylaws of the association.
- ARTICLE SEVENTH. The government and general management of the association shall be vested in a board of directors to be elected in accordance with the Bylaws. The board of directors shall consist of such number as designated in the Bylaws.
- ARTICLE EIGHTH. The general officers of the association and their election shall be governed by the Bylaws of the association.
- ARTICLE NINTH. These Articles of Incorporation may be amended in accordance with the provisions of Chapter 215, Statutes of Wisconsin, and Acts amendatory thereof and supplemental thereto.
- ARTICLE TENTH. Dissolution of the association shall be accomplished in accordance with the provisions of Chapter 215, Statutes of Wisconsin, and Acts amendatory thereof and supplemental thereto.

AMENDMENT OF ARTICLES OF INCORPORATION

At a meeting of the members of the _____ Association of _____, Wisconsin, held at _____ on the _____ day of _____, A.D., 19____, at _____ o'clock _____ M. of that date, which meeting was called for the purpose of amending the Articles of Incorporation of said Association, the following resolution was adopted:

"RESOLVED, That the Articles of Incorporation of this Association be amended by repealing the present Articles of Incorporation, AND INSERTING in lieu thereof the foregoing Articles of Incorporation. IT WAS FURTHER RESOLVED, that the President and Secretary of the Association be authorized under the seal of the corporation to file proper certificates of such amendment with the Savings and Loan Department of Wisconsin, as provided by law."

CERTIFICATE OF OFFICERS

We, _____ President, and _____ Secretary of the _____ Association, do hereby certify that the foregoing is a true copy of an amendment to the Articles of Incorporation of this Association and that at the regular or special meeting of the members of the Association, called for the purpose and held pursuant to the provisions of law, in the city of _____, Wisconsin, on the _____ day of _____, 19____, the said amendment was duly adopted by the affirmative vote of more than 51% of all votes entitled to be cast; that the entire number of votes entitled to be cast is _____; that upon the adoption of such resolution _____ votes were cast in the affirmative and _____ votes were cast in the negative.

We further certify that all proceedings in connection with the proposal and adoption of the foregoing amendment were in accordance with the provisions of Article _____ of the Articles of Incorporation, providing for amendment, and in accordance with Section 215.08(6), Wisconsin Statutes.

AMENDMENT TO ARTICLES OF INCORPORATION

_____ Association
_____ Wisconsin
Savings and Loan Department
Madison, Wis. _____ 19_____

Approved: _____
_____ Commissioner
_____ Supervisor

Chapter S-L 3

BYLAWS

S-L 3.01 Bylaws

S-L 3.01. Bylaws. Pursuant to the provisions of Sec. 215.0⁶(1), Wis. Stats., the savings and loan commissioner and the savings and loan advisory committee approve the following form of Bylaws for savings and loan associations organized under Chap. 215, Wis. Stats.:

BYLAWS

OF

The _____ Association,
_____ County, Wisconsin

SECTION I

Statutory Compliance

All powers, privileges, rights and duties granted or imposed by the Statutes of Wisconsin, and Acts amendatory thereof and supplemental thereto, now or hereafter in effect, shall be deemed to be a part of these bylaws as though fully stated herein.

SECTION II

Corporate Seal

The corporate seal shall be in circular form. The words, " _____ Association, of _____ Wisconsin," shall appear within the circumference, and the words, "Corporate Seal" in the center.

SECTION III

Membership

- (1) Chapter 215, Wisconsin Statutes, and Acts amendatory thereof and supplemental thereto, shall govern the manner in which membership is obtained and terminated, except that the membership of a borrowing member shall terminate upon the repayment of his loan in full.
- (2) Each applicant for membership shall sign an application and agreement form adopted by the directors and approved by the Savings and Loan Commissioner.
- (3) The directors may reject any application for membership.

SECTION IV

Capital

- (1) The raising of capital by the acceptance of payments from members on savings accounts, the distribution of earnings on savings accounts, and the withdrawal or redemption of savings accounts shall be governed by Chapter 215, Wisconsin Statutes, and Acts amendatory thereof and supplemental thereto.
- (2) All members shall participate equally in the distribution of earnings prorata to the amount paid into savings accounts, plus distributed earnings credited thereto, and no preference shall be created with respect to the distribution of assets upon voluntary or involuntary liquidation or dissolution of the association.
- (3) Members' savings accounts may be evidenced by either a savings account passbook or a "Certificate of Savings Account". The form of savings account passbooks and certificates of savings accounts shall be in such form as adopted by the board of directors and approved by the savings and loan commissioner.

SECTION IV (Continued)

Capital (Continued)

- (4) The transfer of a savings account of a member to another member, whether such savings account be evidenced by a savings account passbook or a certificate of savings account, shall be performed in accordance with such rules as issued by the savings and loan commissioner. A fee of \$1. may be charged for each savings account so transferred, but in no event shall such fee exceed \$5.
- (5) The replacement of lost or destroyed savings account passbooks or certificates of savings accounts of members shall be performed in accordance with such rules as issued by the savings and loan commissioner. A fee of \$2. may be charged for each savings account passbook so replaced and reproduced. A fee of \$1. may be charged for each certificate of savings account so replaced.
- (6) Bonus on Savings Accounts
 - (a) The board of directors may, by resolution, adopt only such bonus plans for members holding savings accounts as approved by the savings and loan commissioner.
 - (b) The members or the board of directors may, by resolution, abolish the bonus plan as to savings accounts opened after the effective date of such action.

SECTION V

Loans to Members

- (1) The loans to members, the repayment thereof and the enforcement of collection of amounts due from borrowers shall be in accordance with the provisions of Chapter 215, Wisconsin Statutes, and Acts amendatory thereof and supplemental thereto.
- (2) The premium charges on new mortgage loans, the reclassification charges on existing mortgage loans, the service charges on mortgage loans assumed by purchasers of real estate, the rate or rates of interest charged on mortgage loans, the rate of interest charged on loans secured by savings accounts, and rate/or rates of interest charged on property improvement loans shall be determined by the board of directors. All premium charges, reclassification charges, service charges and interest rates on loans, so determined by the board of directors, shall be within the permissive range of charges and interest rates authorized and approved by the savings and loan commissioner.

SECTION VI

Meetings of Members

- (1) The annual meeting of members shall be held on the _____ in the month of _____ each year at such hour and place as the board of directors shall designate.
- (2) Notice of the time and place of holding all members' meetings shall be given by mailing a notice to each member at his last given postoffice address not less than five (5) days before such meeting, or by publication in a newspaper of general circulation in the county where the association is located, at least ten (10) days before such meeting.
- (3) Special meetings of members may be called by the president and shall be called by him upon written request of the majority of directors or upon written request of five (5) percent of the members.
- (4) Quorum
 - (a) Any number of members present in person or represented by proxy shall constitute a quorum at annual meetings.
 - (b) Members holding fifty-one (51) percent of the total votes, which are entitled to be cast by all members of the association, present in person or represented by proxy shall constitute a quorum at special meetings.

SECTION VI (Continued)

Meetings of Members (Continued)

- (5) The members who shall be entitled to vote at any meeting shall be those of record on the books of the association at the end of the calendar month next preceding the date of the meeting. The records of the association shall be conclusive in determining ownership status of any savings account and the right to vote same at any meeting.
- (6) Each member shall be permitted to cast one (1) vote for each \$100 or fraction thereof of the withdrawal value of his savings accounts. Each borrowing member shall be permitted, as a borrower, to cast one (1) vote and to cast the number of votes he may be entitled for his savings accounts.
- (7) Voting by written proxy shall be permitted by members, but no member shall hold or vote proxies exceeding twenty (20) percent of the total eligible votes.

SECTION VII

Directors

- (1) Election of Directors
 - (a) 1. The board of directors shall consist of _____ () members who possess the qualifications prescribed in Chapter 215, Wisconsin Statutes. The term of a director shall be for a period of three (3) years, but provision shall be made for the election of approximately one-third of the board each year.
 2. No person shall be eligible to be nominated or elected a director who has reached the age of _____ years.
(This provision is optional and may be stricken)
 - (b) At least thirty days prior to the date of each annual meeting of members, the president shall appoint a nominating committee of three persons who are members of the association. Such committee shall make nominations for directors in writing and deliver to the secretary such written nominations at least fifteen days prior to the date of the annual meeting of members, which nominations shall be forthwith posted in a prominent place in the association's office for the fifteen day period prior to the date of said annual meeting. Provided such committee is appointed and makes such nominations, no nominations for directors, except those made by the nominating committee, shall be voted upon at the annual meeting, unless other nominations by members are made in writing and delivered to the secretary of the association at least ten days prior to the date of the annual meeting of members, which nominations shall forthwith be posted in a prominent place in the association's office for the ten day period prior to the date of said annual meeting. The names of all nominees shall be provided for use by the members at the annual meeting. Voting shall be by ballot, except that upon proper motion, the rules may be suspended, and the secretary be instructed to cast a unanimous ballot for the nominees.
 - (c) If at any time the president fails to appoint a nominating committee or the appointed nominating committee fails or refuses to act, nominations for directors may be made at the annual meeting by any member and shall be voted upon.
 - (d) All directors shall hold office until their successors are elected and qualified, unless sooner removed, as provided for in Chapter 215, Wisconsin Statutes.
 - (e) More than three consecutive absences of a director from regular meetings of the board of directors, unless excused by the board of directors, shall constitute an automatic resignation.
 - (f) The directors may fill a vacancy in their number from among the membership until the time of the next annual meeting, at which meeting the members shall elect a director to complete the unexpired term.

SECTION VII (Continued)

Directors (Continued)

- (1) Election of Directors (Continued)
 - (g) Upon election, every director shall take and subscribe an oath that he will diligently and honestly perform his duty in such office and will not knowingly violate or willingly permit to be violated any provisions of Chapter 215, Wisconsin Statutes, the Rules of the commissioner, the Articles of Incorporation, Orders of the commissioner or these Bylaws.
- (2) Meetings of Directors
 - (a) The board of directors shall hold regular meetings on the _____ of each month at the office of the association at such hour as they shall designate, or on such other date, place or time upon which they may agree.
 - (b) Special meetings of the board of directors may be called by the president and shall be called by him upon the written request of three directors. Notice of special meetings shall be given to each director by the president.
 - (c) At all meetings of the board of directors, a majority of all directors shall constitute a quorum.
- (3) Duties of Directors
 - (a) The directors shall manage the affairs of the association in accordance with the provisions of Chapter 215, Wisconsin Statutes, and Acts amendatory thereof and supplemental thereto, Orders of the commissioner, Rules of the commissioner, Articles of Incorporation, other laws applicable to savings and loan associations and these Bylaws.
 - (b) The directors shall, annually or whenever necessary, designate by resolution the bank or banks to be used as a depository or depositories.
 - (c) The directors shall, annually or whenever necessary, designate by resolution the persons to be charged with the handling of securities.
 - (d) The directors shall, annually or whenever necessary, designate by resolution, one or more persons to manually sign savings account books, certificates of savings accounts and borrowers' membership certificates. Facsimile signatures of the persons so designated may be used when authorized by the board of directors.
 - (e) The directors shall, annually or whenever necessary, designate by resolution one or more persons to manually sign checks for the withdrawal of association funds from designated depositories. Facsimile signatures of the persons so designated may be used when authorized by the board of directors.
 - (f) The directors shall, annually or whenever necessary, by a majority vote of the board of directors, fix the compensation of officers, directors, employes and committee members.
 - (g) The directors shall approve or ratify all mortgage loans made and all additional advances thereon, purchases or sales of mortgage loans, purchases or sales of participating interests in mortgage loans, mortgage loan refinancings and property improvement loans.
 - (h) The directors shall annually appoint an appraisal committee whose duty shall be to appraise the real estate offered as security for mortgage loans. In lieu of an appraisal committee, the directors may employ qualified appraisers, approved by the commissioner, to make appraisals of real estate offered as security for mortgage loans. The directors in their discretion may do both, appoint an appraisal committee and employ qualified appraisers approved by the commissioner. The directors may by resolution, authorize the officers to complete loans whenever the appraisal committee or a majority of the directors shall in writing approve such loans. All loans so made shall be approved and ratified by the board of directors at the next meeting following the making of such loans.

SECTION VII (Continued)

Directors (Continued)

(3) Duties of Directors (Continued)

- (i) All appraisal reports shall be in writing and shall be submitted to the board of directors or such other committees authorized by the board of directors to act on loan applications. Appraisal reports by an approved appraiser shall be signed by the appraiser, and appraisal reports by the appraisal committee shall be signed by at least a majority of the committee.
- (j) The directors may, by resolution, annually appoint an executive committee of _____ members from among their number, which committee shall have the power of the board of directors when not in session, except in respect to the declaration of earnings distribution to members, the election of officers, and the filling of vacancies in the board of directors or the executive committee. The board of directors may appoint one or more of its members as alternates who may, at the request of the president, take the place of an absent member or members at any meeting of such committee.
- (k) The directors may appoint necessary committees and prescribe the duties thereof, and may, by resolution, remove members of such committees as may be deemed necessary.
- (l) The directors may remove from office any director or officer, after an opportunity afforded him for being heard, who violates the provisions of Chapter 215, the Rules of the Commissioner, the Articles of Incorporation, these Bylaws, Orders of the commissioner or any other law applicable to savings and loan operations.
- (m) The directors may extend leniency and indulgence to borrowing members who are in distress, and generally to compromise and settle any debts and claims.
- (n) The directors may limit payments on capital which may be accepted.
- (o) The directors may sell, lease, transfer, exchange and convey any property of the association as the statutes may permit, and upon their order, the proper officers shall deliver such deeds, land contracts, leases, assignments, bills of sale and such other transfers as are necessary to dispose of such property as herein provided.
- (p) The directors may, on behalf of the association, make donations for the public welfare or for charitable, scientific, educational or religious purposes.
- (q) The directors may exercise any and all of the powers of the association not expressly reserved to others.

SECTION VIII

Officers

(1) Election of Officers

- (a) Immediately following each annual meeting of members, the directors shall convene and elect general officers for the ensuing year.
- (b) The officers of the association shall be a president, one or more vice presidents, secretary, treasurer, and such other officers as the directors by resolution shall designate. The president shall also be a director.
- (c) If the board, by resolution, elects more than one vice president, it shall designate one of the vice presidents as senior vice president, who shall also be a director.
- (d) Immediately following the election of officers, the directors shall, by resolution, designate the president or one of the other officers as the managing officer. The officer so designated as the managing officer shall have general supervision of the affairs of the association.

SECTION VIII (Continued)

Officers (Continued)

(1) Election of Officers (Continued)

- (e) Officers may be removed by the directors in accordance with the provisions of Section VII (3)(1) of these Bylaws.
- (f) Whenever any vacancy shall occur in any general office, the directors shall, as soon as practicable, fill such vacancy for the then unexpired term.
- (g) When so designated by a resolution of the directors, any 2 or more offices may be held by the same person, except the offices of president and secretary, and the offices of president and vice president.

(2) Duties of Officers

(a) Chairman of the Board

The chairman of the board, if elected, shall preside at all meetings of members and directors.

(b) President

1. The president, if designated as managing officer of the association by a resolution of the board of directors, shall have general supervision of the affairs of the association.
2. If a chairman of the board is not elected, the president shall preside at all meetings of members and directors.
3. The president shall execute all conveyances, sign all notes, contracts, leases and other documents that may be required.
4. The president shall appoint all committees when the selection is not prescribed otherwise.
5. The president shall, annually or when so directed by the savings and loan commissioner, appoint an audit committee, consisting of three directors and two members not directors, to examine the assets, books and accounts of the association to determine losses, and to make a report of their findings to the board of directors. The appointment of an audit committee may be dispensed with if the board, by resolution, employs public accountants to perform such function, or accepts the report of the savings and loan commissioner resulting from the statutory supervisory examination and audit.

(c) Vice President

The vice president shall perform the duties of the president during his absence or disability and such other duties as may be delegated by the directors.

(d) Executive Vice President

1. The executive vice president, if elected and also designated as the managing officer by a resolution of the board of directors, shall, in addition to the duties prescribed by the board of directors, have general supervision of the affairs of the association.
2. The executive vice president, if elected, but not designated as the managing officer by a resolution of the board of directors, shall perform such duties as prescribed by the directors.

(e) Secretary

1. The secretary, if also designated as the managing officer by a resolution of the board of directors, shall in addition to the duties prescribed in these Bylaws, have general supervision of the affairs of the association.

SECTION VIII (Continued)

Officers (Continued)

(2) Duties of Officers (Continued)

(e) Secretary (Continued)

2. The duties of the secretary shall be:
- a. Keeping the minutes of all meetings of members and directors;
 - b. Attending to all correspondence and keeping a systematic record of same;
 - c. Receiving all monies payable to the association, and after proper entry, turning over such monies to the treasurer or depositing such monies in the association's designated depositories;
 - d. Keeping all books, papers, records and documents of the business;
 - e. Making monthly or other required reports to the board of directors;
 - f. Making such reports to the savings and loan commissioner as required by law;
 - g. Countersigning conveyances, notes, contracts, leases and other documents that may be required;
 - h. Keeping and affixing the corporate seal to documents when required; and
 - i. Performing such other duties as may be prescribed by the board of directors.

(f) Assistant Secretary

The assistant secretary, if elected, shall perform the duties of the secretary during a vacancy in that office or during the absence or disability of the secretary, and such other duties as may be prescribed by the board of directors.

(g) Treasurer

The treasurer shall perform such duties as may be prescribed by the board of directors.

(h) Assistant Treasurer

The assistant treasurer, if elected, shall perform the duties of the treasurer during a vacancy in that office or during the absence or disability of the treasurer, and such other duties as may be prescribed by the board of directors.

(i) General

In the absence of designation from time to time of the powers and duties by the board of directors, the officers shall have such powers and duties as generally pertain to their respective offices.

SECTION IX

Termination of Insurance of Savings Accounts

- (1) If at any time the savings accounts of this association are insured by the Federal Savings and Loan Insurance Corporation and the directors desire to terminate such insurance, then at least thirty days before this association shall take any action to terminate insurance of its accounts by the Federal Savings and Loan Insurance Corporation, the secretary shall cause to be mailed to each insured member at his last known address, as recorded on the books of the association, a statement of the directors' intention to consider termination of such insurance, and a notice of the time and place of the meeting at which action on such consideration is contemplated.
- (2) In case such meeting shall vote to terminate insurance, the secretary shall, within ten days thereafter, mail to each insured member at his address, as recorded on the books of the association, a copy of the association's notice to the Federal Savings and Loan Insurance Corporation to terminate its status as an insured institution. The Rules and Regulations of such corporation as they exist shall be adhered to and notice of such contemplated action shall be furnished to the Savings and Loan Department of Wisconsin.

SECTION X

Amendments

- (1) These Bylaws may be amended, altered or repealed in any manner by a majority vote of the members present at any meeting or by a two-thirds vote of all the directors at any meeting lawfully convened, but no motion or resolution amending, altering or repealing any Bylaws by the board of directors shall be adopted at a meeting of the directors held on the same day upon which it is offered. Proposed amendments by members shall be filed with the secretary not less than thirty days prior to the meeting at which they are to be voted on, and the secretary shall, with the notice of the meeting, send each member a copy thereof.
- (2) All alterations and amendments duly adopted shall become operative and binding as soon as they have been filed and approved by the savings and loan commissioner.

CERTIFICATE OF SECRETARY

The following resolution, concerning the amending of the association's Bylaws by the board of directors, was introduced for consideration by the board of directors at a lawfully convened meeting held on the _____ day of _____ 19_____, and adopted by an affirmative vote of _____ directors, representing a quorum of _____ directors, present at a lawfully convened meeting held on the _____ day of _____ 19_____:

"RESOLVED, That the Eylaws of the association be amended by repealing the present Bylaws, and inserting in lieu thereof the foregoing Bylaws hereto attached;

"RESOLVED FURTHER, That the president and the secretary of this association be directed, under seal of this corporation, to file the amendment with the Savings and Loan Commissioner of Wisconsin."

_____ Association
 Of _____
 _____ Secretary

IN TESTIMONY WHEREOF, The _____ Association has caused these presents to be executed by the President and Secretary thereof and the Corporate Seal of said association is hereunto affixed this _____ day of _____, 19_____, by its authority

(Corporate Seal) _____ Association

In the presence of: _____ President
 _____ Secretary

STATE OF WISCONSIN)
) SS
 _____ County)

Personally came before me this _____ day of _____, 19_____, _____ President, and _____ Secretary of the _____, to me known so to be and who executed the foregoing instrument and acknowledged the same in their official capacities therein set forth

(Notarial Seal) _____
 Notary Public

My commission expires _____

STATE OF WISCONSIN

SAVINGS AND LOAN DEPARTMENT

The amended Bylaws of the _____ Association,
as set forth herein are approved this _____ day of _____, 19_____.

Commissioner

Supervisor

Chapter S-L 4

REQUIREMENT FOR THE ORGANIZATION OF A NEW SAVINGS AND LOAN ASSOCIATION

S-L 4.01 Requirements for the organization of a new savings and loan association.

S-L 4.01 Requirements for the organization of a new savings and loan association. In accordance with the provisions of Sec. 215.07, Wis. Stats., the savings and loan commissioner and the savings and loan advisory committee establish the following standards and requirements for the organization of a new savings and loan association:

S-L 4.01 (1) Definition of Community Population

The community population figures, indicated in subsec (2), includes the population within the corporate limits of a community plus the peripheral population within the natural trading area. The term, "Central City", means the downtown business and financial district, and the term, "Outlying Districts", includes all other portions of the metropolitan area.

(2) Minimum Capital and Membership Requirements

<u>Community Population</u>	<u>Minimum Paid in Capital</u>	<u>Minimum Number of Members</u>
Below 10,000	\$100,000	100
10,001 to 25,000	\$125,000	125
25,001 to 100,000	\$250,000	250
100,001 to 300,000		
Central City	\$350,000	350
Outlying Districts	\$300,000	300
300,001 to 500,000		
Central City	\$500,000	500
Outlying Districts	\$400,000	400
Over 500,000		
Central City	\$750,000	750
Outlying Districts	\$600,000	600

(3) Expense Fund

The amount of the expense fund, as required by Sec. 215.07 (6)(a), Wis. Stats., shall be determined by the minimum paid in capital cited in subsection (2) above.

(4) Restriction upon Initial Saving Capital Investment of Incorporators and/or First Board of Directors

The incorporators and/or the first board of directors of the proposed association shall enter into an agreement with the savings and loan commissioner that any money that they have invested in the association as a part of the initial capital requirement shall not be withdrawn or hypothecated during the first five years of business operations.

(5) Independent Office

The proposed association must operate from an independent office.

(6) Membership in the Federal Home Loan Bank

The proposed association shall not be granted a charter until it has made the necessary arrangements for membership in the Federal Home Loan Bank of Chicago.

(7) Insurance of Savings Accounts

The proposed association shall not be granted a charter until it has made the necessary arrangements to have the savings accounts of its members insured by the Federal Savings and Loan Insurance Corporation. Any additional capital requirement, that may be imposed as a "Condition of Insurance" by the Federal Savings and Loan Insurance Corporation, shall in no way affect the amount of the expense fund as cited in subsection (3) above.

Chapter S-L 5

PRESCRIBED FORMS

- S-L 5.01 Application and Agreement
- S-L 5.02 Savings Account Ownership Evidenced by Passbook
- S-L 5.03 Savings Account Ownership Evidenced by a Certificate
- S-L 5.04 Change-Over period from Share Certificates to Savings Account Type Evidences of Ownership
- S-L 5.05 Transfer of Savings Account and Membership
- S-L 5.06 Signature Cards
- S-L 5.07 Borrowers' Membership Certificates

S-L 5.01 Application and Agreement. All state-chartered savings and loan associations shall use an application and agreement form containing substantially the following:

APPLICATION AND AGREEMENT	
<p>The undersigned hereby apply for membership in the _____</p> <p style="text-align: center;">Association of _____,</p> <p>Wisconsin, and in consideration of being admitted to membership therein, do hereby agree to comply fully with and be governed by the Articles of Incorporation, the Bylaws, Chap. 215, Wis. Stats. governing savings and loan associations and the regulations of the board of directors now in force or which may hereafter become operative.</p>	
	(Applicant)
	(applicant)
	(Address)
<p>Dated: _____</p>	

S-L 5.02 Savings Account Ownership Evidenced by Passbook.
 (1) Passbooks evidencing ownership of savings accounts shall contain a statement in substantially the following form:

SAVINGS ACCOUNT	NUMBER _____
<p>This Certifies That</p>	
<p>_____</p> <p>_____</p> <p>holds a savings account representing a monetary interest in the capital of _____</p> <p>Savings and Loan Association of _____, Wisconsin subject to its Articles of Incorporation, Bylaws and Chap. 215, Wis. Stats.</p> <p style="text-align: center;">_____ Savings and Loan Association _____</p> <p>Wisconsin</p>	
<p>Date _____</p> <p>By _____</p> <p style="text-align: right;">Authorized Signature</p>	

S-L 5.02 (Continued)

(2) When Issued

Subject to the change-over period from "Instalment Savings Share Certificates" to "Savings Accounts Evidenced by Passbooks," authorized in subsec S-L 5.04(1), each member opening a savings account and upon making an initial payment thereon shall receive a passbook containing a statement of ownership as described in subsec (1) above.

S-L 5.03 Savings Account Ownership Evidenced by a Certificate of Savings Account

- (1) Certificates of savings accounts, evidencing ownership of savings accounts, shall be substantially in the following form:

CERTIFICATE OF SAVINGS ACCOUNT	
CERTIFICATE NO. _____	
AMOUNT \$ _____	
_____ Savings and Loan Association of _____, Wisconsin.	
This Certifies That	

holds a savings account representing a monetary interest of _____ dollars in the capital of the _____ Savings and Loan Association of _____, Wisconsin, subject to its Articles of Incorporation, Bylaws and Chap. 215, Wisconsin Statutes.	
Issued this _____ day of _____, 19_____	
_____ Authorized Signature	

(2) When Issued

Subject to the change-over period from "Paid-Up Share Certificates" to "Certificates of Savings Accounts," authorized in subsec S-L 5.04 (1), each member opening a savings account and making the required payment thereon, the ownership of which is to be evidenced by a certificate of savings, shall receive a certificate of savings account as described in subsec (1) above.

S-L 5.04 (1) Change-over Period from Share Certificates to Savings Account Type Evidences of Ownership

Authority is hereby granted to all associations to continue to use existing stocks of "Instalment Share Certificates" and "Paid-Up Share Certificates" as evidences of savings account ownership on new savings accounts opened during the period September 21, 1963 to September 30, 1964.

- (2) After September 30, 1964, associations shall issue only such evidences of savings account ownership, as prescribed in subsec S-L 5.02(1) and S-L 5.03(1) above.
- (3) Prior evidences of savings account ownership, represented by "Instalment Savings Share Certificates" or "Paid-Up Share Certificates", authorized by Chap. 215, Wis. Stats., before its repeal and recreation as Chapter 315, Laws of 1963, shall be acceptable as evidences of savings account ownership, meeting the requirements of subsecs S-L 5.02(1) and S-L 5.03(1) above.

S-L 5.05 Transfer of Savings Account and Membership

Each passbook or certificate of savings account, evidencing ownership of a savings account, shall contain the following printed statement for the transfer of a savings account and membership, in the passbook or on the reverse side of the certificate of savings account:

TRANSFER OF SAVINGS ACCOUNT
AND MEMBERSHIP

For value received the undersigned hereby sells,
assigns and transfers to

The Savings Account represented by the within
Certificate of the

Savings and Loan Association of _____
_____, Wisconsin, and does hereby
irrevocably constitute and appoint the officers
of said association to transfer said savings
account on the books of said association.

This _____ day of _____ 19_____
Signature _____

In the presence of _____

The undersigned is the transferee of the Savings
Account represented by the within Certificate and
has executed application for membership and
signature card.

Signature _____

Transfer entered of record _____, 19_____

_____ Savings and
Loan Association, of _____, Wisconsin.

S-L 5.06 Signature Cards

Each savings account shall have a signature card, signed by the person
authorized to make partial or complete withdrawals therefrom.

S-L 5.07 Borrowers' Membership Certificates

A borrower's membership certificate shall be made available to each
borrower at the time the first disbursement is made on his loan. The
borrowers' membership certificates shall be essentially in the following
form:

<p>BORROWER'S MEMBERSHIP CERTIFICATE CERTIFICATE NO. _____</p> <p>This Certifies That</p> <p>_____ _____</p> <p>are members of _____ Savings and Loan Association, of _____, Wisconsin, and have borrowed money from said association, such membership being subject to its Articles of Incorporation, Bylaws, and Chap. 215, Wisconsin Statutes.</p> <p>Issued this _____ day of _____, 19_____ _____</p> <p style="text-align: right;">_____ Authorized Signature</p>

Chapter S-L 6

MINIMUM SURETY BOND REQUIREMENTS

S-L 6.01 Minimum Surety Bond Requirements

S-L 6.01 Minimum surety bond requirements. Each savings and loan association, operating under the provisions of Chapter 215, Wis. Stats., shall provide and maintain a surety bond in minimum amounts computed on total assets plus the unpaid balances of mortgages it is servicing for others as follows:

Not over \$300,000	\$10,000 plus \$5,000 for each \$100,000 or fraction thereof over \$100,000.
\$ 300,001 - \$ 1,000,000	\$30,000 plus \$10,000 for each \$100,000 or fraction thereof over \$400,000
\$ 1,000,001 - \$ 10,000,000	\$100,000 plus \$20,000 for each \$1,000,000 or fraction thereof over \$2,000,000.
\$ 10,000,001 - \$ 30,000,000	\$300,000 plus \$40,000 for each \$5,000,000 or fraction thereof over \$15,000,000.
\$ 30,000,001 - \$ 60,000,000	\$470,000 plus \$50,000 for each \$10,000,000 or fraction thereof over \$40,000,000.
\$ 60,000,001 - \$100,000,000	\$630,000 plus \$60,000 for each \$15,000,000 or fraction thereof over \$70,000,000.
\$100,000,001 and over	\$820,000 plus \$70,000 for each \$25,000,000 or fraction thereof over \$125,000,000.

No association shall be required to provide and maintain a surety bond in an amount greater than \$2,000,000.

Chapter S-L 7

COMMISSIONER'S DESIGNATION OF LEGAL HOLIDAYS

S-L 7.01 Designated legal holidays.

- (1) The commissioner of savings and loan associations, pursuant to section 215.26(6), Wis. Stats., designates as legal holidays, the following days, set forth in section 256.17 Wis. Stats., on which no savings and loan association shall transact business or be open for the transaction of business:
 - (a) January 1.
 - (b) May 30.
 - (c) July 4.
 - (d) December 25.
 - (e) First Monday in September (Labor Day).
 - (f) Fourth Thursday of November or the day appointed by the Governor as Thanksgiving Day.
 - (g) Good Friday between the hours of 11:00 A.M. and 3:00 P.M.
- (2) Whenever any of the legal holidays designated in section S-L 7.01(1), falls on a Sunday, no savings and loan association shall transact business or be open for the transaction of business on the succeeding Monday.
- (3) Nothing herein shall be construed to compel any savings and loan association to be kept open for the transaction of business on a day which according to the provisions of section 256.17, Wis. Stats., is a legal holiday in the community in which the savings and loan association is located.

Chapter S-L 8

INTEREST RATES AND OTHER CHARGES IN EFFECT

S-L 8.01 Interest Rates and Other Charges in Effect.

S-L 8.01 The following interest rates and other charges by savings and loan associations shall be in effect:

- (1) Interest Rates on Mortgage Loans
 - (a) The interest rate on mortgage loans shall not exceed the rate set by the board of directors of the association.
 - (b) The interest charges on mortgage loans to be computed at the rate and in accordance with the method prescribed in the mortgage note.
 - (c) The directors may in their discretion elect to charge interest on mortgage loans either as the funds are disbursed or from the date that the initial loan disbursement is made.
- (2) Interest Rate on Savings Account Loans

The interest rate on savings account loans shall not exceed the rate of $1\frac{1}{2}\%$ per annum in excess of the current rate of earnings distribution on the savings accounts pledged.
- (3) Interest Rate on Property Improvement Loans
 - (a) The interest rate on property improvement loans shall not exceed the rate set by the board of directors of the association.
 - (b) The directors of the association may elect to charge interest either on a discount, gross charge or diminishing unpaid loan balances.
- (4) Interest Rate on Real Estate Contracts
 - (a) The interest rate on real estate contracts shall not exceed the rate set by the board of directors of the association.
 - (b) The interest charges on real estate contracts to be computed at the rate and in accordance with the method prescribed in the real estate contract instrument.
- (5) Premiums, Discounts and Commissions on Mortgage Loans

Premiums, discounts and commissions may be charged in such amounts as set by the board of directors.
- (6) Reclassification Charges on Existing Mortgage Loans

A reclassification charge, not in excess of 2% of the unpaid mortgage loan balance, may be charged in instances where the interest rate on the mortgage loan was decreased.
- (7) Service Charges on Change of Ownership of Mortgaged Premises

Upon proper presentation of evidence of change of title of the mortgage security, a service charge not to exceed 1% of the original amount of the mortgage loan granted by the association may be charged on any mortgage loan assumed by a purchaser of real estate. In the event the purchaser fails to pay the service charge, then the said service charge may be added to the unpaid balance of the mortgage loan.

Chapter S-L 9

INVESTMENTS IN OTHER SAVINGS AND LOAN ASSOCIATIONS

S-L 9.01 Investments in Other Savings and Loan Associations.

S-L 9.01 Any state-chartered savings and loan association shall be subject to the following restrictions when investing in savings accounts of other associations under the permissive authority of Secs 215.13 (26)(b) and (c), Wis. Stats.:

- (1) Any investment in any state-chartered savings and loan association, doing business in this state and whose savings accounts are not insured by an instrumentality of the United States, shall not exceed \$10,000.
- (2) Any investment in any state-chartered savings and loan association or federally chartered savings and loan association, doing business in this state or located outside of this state and whose savings accounts are insured by an instrumentality of the United States, shall not exceed the maximum amount of insurance coverage by the insuring agency.
- (3) The aggregate investment in savings accounts of other savings and loan associations, subject to the restrictions imposed in paragraphs (1) and (2) above, shall not exceed 10% of the total assets of the investing association.

BONUS PLAN

S-L 10.01 Bonus Plan.

S-L 10.01 Bonus Plan

(1) Any association may offer a bonus earning for systematic monthly savings by members by the adoption of either resolution, as contained in subsec (2), "120 Month Payment Plan", or as contained in subsec (3), "200 Month Payment Plan".

(2) Bonus Earnings - 120 Month Payment Plan

(a) The form and content of the resolution to be adopted by the board of directors for bonus earnings for systematic monthly savings for the 120 Month Payment Plan shall be in the following form:

SPECIMEN RESOLUTION FOR BONUS EARNINGS
FOR SYSTEMATIC MONTHLY SAVINGS
(120 Month Payment Plan)

Upon motion of _____ seconded by _____ and unanimously carried, the following resolution, relative to Bonus Earnings pursuant to Sec. IV (6)(a) of the Bylaws, was adopted:

"WHEREAS, the directors of the _____ Savings and Loan Association of _____, Wisconsin, have given consideration for Bonus Earnings to members making regular and systematic, monthly payments on their savings accounts,

"NOW, THEREFORE, IT IS RESOLVED that, effective on the next succeeding earnings distribution date, the _____ Savings and Loan Association of _____, Wisconsin, shall be obligated to pay a Bonus Earnings to members for making regular and systematic, monthly payments on their savings accounts, subject to the conditions hereinafter set forth:

- "1. Any member of the association desiring to participate in Bonus Earnings shall agree to make regular monthly payments of a specified amount on a savings account until the withdrawal value thereof is equal to at least 120 times the agreed monthly payment.
- "2. If the agreed monthly payments are made each and every month thereafter until the withdrawal value of such savings account is equal to at least 120 times the agreed monthly payment, without a delay of more than 60 days in the payment of any agreed monthly payment and without any prepayment of more than 12 months, and if within such period no application has been made for a withdrawal of any part of such instalment savings share account, the Bonus Earnings shall be payable on the date on which the withdrawal value of such savings account equals or exceeds 120 times the agreed monthly payment.
- "3. The rate of Bonus Earnings on such savings accounts shall be 1% per annum and the amount of the Bonus Earnings shall be determined by dividing the dollar amount of each semi-annual, regular earnings distribution on such savings account by a figure equal to the annual rate of such semi-annual earnings distribution, and the amount of the Bonus Earnings shall be the sum of the quotients obtained: provided, however, that if a member who has agreed to make regular monthly payments on a savings account under this plan shall apply for the withdrawal of such savings account in part or in full, or

shall fail to meet any of the other terms of the Bonus Earnings Agreement after withdrawal value of such account shall have reached:

- a. At least 30, but less than 60, times the agreed monthly payment on such account in accordance with the terms of the agreement, such member shall be entitled to receive in addition to the withdrawal value of such account, a Bonus Earnings equivalent to 25 percent of the amount of the Reserve for Bonus which is, at the time of such withdrawal, properly allocable to such account;
 - b. At least 60, but less than 90, times the agreed monthly payment, 50 percent of such amount; and
 - c. At least 90, but less than 120, times the agreed monthly payment, 75 percent of such amount.
- "4. The owner of a savings account with a Bonus Earnings Agreement authorized by prior bylaws, upon the exchange of such savings account with a Bonus Earnings provision, authorized by prior bylaws, for savings accounts with Bonus Earnings under the provisions of the _____ Bylaws, have the rights and privileges, and be subject to the duties and liabilities, provided in this resolution, as if originally created under the provisions hereof: provided, that the savings account so exchanged entitled the holder thereof, at the time of such exchange, to an interest in any Reserve for Bonus created under the provisions of prior bylaws.
- "5. The association may credit to the accounts of all members holding savings accounts with Bonus Earnings Agreements in good standing, that amount in the Reserve for Bonus to which they would be entitled if their savings accounts were withdrawn at the time of such credit, and may transfer to Undivided Profits or to other reserves any other amounts in any Reserve for Bonus, and further Bonus Earnings shall be credited to the accounts of members thereto entitled."
- (b) A certified copy of the Resolution shall be submitted to the commissioner after adoption by the board of directors.
 - (c) Any member desiring to participate in this Bonus Plan shall execute a "Bonus Earnings Agreement", the form and content of which follows:

BONUS EARNINGS AGREEMENT 120 MONTH PAYMENT PLAN			Account No. _____
(To be typed)	(Surname)	(First Name)	(Middle Name)
The undersigned, as a member of _____ Savings and Loan Association of _____, Wisconsin, agrees to make regular monthly payments, on the _____ day of each month after date, of _____ Dollars (\$ _____) on the undersigned's savings account No. _____ until the withdrawal value thereof equals _____ Dollars (\$ _____) with the understanding that failure by the undersigned to comply with the conditions provided in the resolution adopted by the directors and approved by the Commissioner of Savings and Loan Associations will merely prevent obtaining any Bonus Earnings.			
(Signed) _____			
Date _____ *			
* If the member is a co-tenancy, each holder of such joint account should sign the Bonus Earnings Agreement.			

(3) Bonus Earnings - 200 Month Payment Plan

- (a) The form and content of the resolution to be adopted by the board of directors for Bonus Earnings for systematic monthly savings for the 200 Month Payment Plan shall be in the following form:

SPECIMEN RESOLUTION FOR BONUS EARNINGS
FOR SYSTEMATIC MONTHLY SAVINGS
(200 Month Payment Plan)

Upon motion of _____, seconded by _____ and unanimously carried, the following resolution, relative to Bonus Earnings, pursuant to Section IV (6)(a) of the Bylaws, was adopted:

"WHEREAS, the directors of the _____ Savings and Loan Associations of _____, Wisconsin, have given consideration for Bonus Earnings to members making regular and systematic, monthly payments on their savings accounts,

"NOW, THEREFORE, IT IS RESOLVED that, effective on the next succeeding earnings distribution date, the _____ Savings and Loan Association of _____, Wisconsin, shall be obligated to pay a Bonus Earnings to members for making regular and systematic, monthly payments on their savings accounts, subject to the conditions hereinafter set forth:

- "1. Any member of the association desiring to participate in Bonus Earnings shall agree to make regular monthly payments of a specified amount on a savings account until the withdrawal value thereof is equal to at least 200 times the agreed monthly payment.
- "2. If the agreed monthly payments are made each and every month thereafter until the withdrawal value of such savings account is equal to at least 200 times the agreed monthly payment, without a delay of more than 60 days in the payment of any agreed monthly payment and without any prepayment of more than 12 months, and if within such period no application has been made for a withdrawal of any part of such savings account, the Bonus Earnings shall be payable on the date on which the withdrawal value of such savings account equals or exceeds 200 times the agreed monthly payment.
- "3. The rate of Bonus Earnings on such savings accounts shall be 1% per annum and the amount of the Bonus Earnings shall be determined by dividing the dollar amount of each semi-annual, regular earnings distribution on such savings account by a figure equal to the annual rate of such semi-annual earnings distribution, and the amount of the Bonus Earnings shall be the sum of the quotients obtained: provided, however, that if a member who has agreed to make regular monthly payments on a savings account under this plan shall apply for the withdrawal of such savings account in part or in full, or shall fail to meet any of the other terms of the Bonus Earnings Agreement after withdrawal value of such account shall have reached:
 - a. At least 50, but less than 100, times the agreed monthly payment on such account in accordance with the terms of the agreement, such member shall be entitled to receive in addition to the withdrawal value of such account, a Bonus Earnings ^{equivalent} to 25 percent of the amount of the Reserve for Bonus which is, at the time of such withdrawal, properly allocable to such account;

- b. At least 100, but less than 150, times the agreed monthly payment, 50 percent of such amount; and
- c. At least 150, but less than 200, times the agreed monthly payment, 75 percent of such amount.

- "4. The owner of a savings account with a Bonus Earnings agreement, authorized by prior bylaws, upon the exchange of such savings account with a Bonus Earnings provision, authorized by prior bylaws, for savings accounts with Bonus Earnings under the provisions of the _____ Bylaws, have the rights and privileges, and be subject to the duties and liabilities, provided in this resolution, as if originally created under the provisions hereof: provided, that the savings account so exchanged entitled the holder thereof, at the time of such exchange, to an interest in any Reserve for Bonus created under the provisions of prior bylaws.
- "5. The association may credit to the accounts of all members holding savings accounts with Bonus Earnings Agreements in good standing, that amount in the Reserve for Bonus to which they would be entitled if their savings accounts were withdrawn at the time of such credit, and may transfer to Undivided Profits or to other reserves any other amounts in any Reserve for Bonus, and further Bonus Earnings shall be credited to the accounts of members thereto entitled."
- (b) A certified copy of the resolution shall be submitted to the commissioner after adoption by the board of directors.
 - (c) Any member desiring to participate in this Bonus Plan shall execute a "Bonus Earnings Agreement", the form and content of which follows:

BONUS EARNINGS AGREEMENT 200 MONTH PAYMENT PLAN				Account No. _____
(To be Typed)	(Surname)	(First Name)	(Middle Name)	
The undersigned, as a member of _____ Savings and Loan Association of _____, Wisconsin agrees to make regular monthly payments, on the _____ day of each month after date, of _____ Dollars (\$ _____) on the undersigned's savings account No. _____ until the withdrawal value thereof equals _____ Dollars (\$ _____) with the understanding that failure by the undersigned to comply with the conditions provided in the resolution adopted by the directors and approved by the Commissioner of Savings and Loan Associations will merely prevent obtaining any Bonus Earnings.				*
(Signed) _____				
Date _____				*
* If the member is a co-tenancy, each holder of such joint account should sign the Bonus Earnings Agreement.				

Chapter S-L 11

COMPUTATION OF EARNINGS DISTRIBUTION

S-L 11.01 Computation of Earnings Distribution

S-L 11.01 (1) Determination Date

In accordance with the provisions of subsec. 215.16(5), Wis. Stats., the board of directors may by resolution fix any date, up to and including the 20th of the month as the determination date for computing earnings distribution. If the board fails to set a determination date in accordance with subsec. 215.16(5), Wis. Stats., then the determination date for the computation of earnings distribution shall be the 10th of the month.

(2) Declaration of Rate of Earnings Distribution

The board of directors of a savings and loan association shall declare only one rate of earnings distribution on all savings accounts.

(3) Computation of Earnings Distribution

The following factors shall be used in the computation of earnings distribution:

- (a) Only dollar amounts may be considered in the computation.
- (b) Partial withdrawals shall be applied to the latest payments on savings accounts, and if such withdrawals exceed the total payments made on the savings accounts during the period such excess withdrawal amount shall be deducted from the withdrawal value of the savings account at the beginning of the period. If no payments were received on the savings account during the period, then the withdrawal or withdrawals shall be deducted from the withdrawal value of the savings account at the beginning of the period.
- (c) Earnings distribution on savings accounts are to be calculated on the "Dollar-Month" basis in the following manner: Multiply the dollar amount of the savings account payments by the number of months to the end of the period, and multiply the total "Dollar-Months" thus obtained by one-twelfth (1/12th) of the annual rate of earnings distribution declared by the board of directors.

Chapter S-L 12

LEGAL RESERVE

S-L 12.01 Legal Reserve

- S-L 12.01 (1) Minimum Periodic Transfers to Legal Reserve
Out of the net income of any period, and prior to the declaration of any earnings distribution rate, an amount equal to at least three-tenths of one percent per annum of the total capital of the association, as at the end of the preceding year, shall be transferred to the Legal Reserve, or Federal Insurance Reserve.
- (2) Required Periodic Transfers to Legal Reserve
Transfers from the net income of any period to the Legal Reserve, in accordance with the provisions of subsec. (1) above, shall be made until the aggregate of the Legal Reserve, other General Reserves and Undivided Profits is equal to 12% of the capital of the association as of the date of such transfer.

Chapter S-L 13

BOOKS AND RECORDS

S-L 13.01 Books and Records

S-L 13.01 Records

- (1) Retention; Microfilming; Destruction
 - (a) Minimum retention period of original records.

Schedule 1 of this section sets forth the minimum retention period of original records. During this period, the original record may be microfilmed, and the original thereof destroyed at the end of the retention period. The microfilm record will be retained for the period set forth in schedule 2 of this section.
 - (b) Minimum retention period of microfilm.

Schedule 2 of this section sets forth the minimum retention period of microfilm record. Retention period of microfilm record commences at the termination of the retention period of original records.
 - (c) Overall retention period of either the original record or the combination of original and microfilm record.

Schedule 3 of this section sets forth the overall retention period of either the original record or the combination of original and microfilm record as permitted under schedules 1 and 2 of this section.
 - (d) Commissioner's consent for destruction of records.

The consent from the commissioner for the destruction of savings and loan association records, after termination of minimum holding period, is permissive and shall not be interpreted as requiring destruction at the end of such period. The commissioner of savings and loan associations, pursuant to the provisions of sections 215.26(3) and 215.26(4), Wis. Stats., hereby gives this written blanket consent for such destruction of records.
- (2) Records to be Returned to Borrower Upon Loan Repayment

The following records of a borrowing member shall be returned to him or his agent upon repayment of his loan:

 - (a) Abstracts or title policies
 - (b) Insurance policies
 - (c) Canceled mortgages
 - (d) Canceled loan notes or mortgage bonds
 - (e) Passbooks or payment books
 - (f) Other related papers and documents
- (3) Schedule for Preservation of Savings and Loan Association Records

	*Schedule 1 Minimum retention period of original record. During this period the original record may be microfilmed and the original thereof destroyed at the end of the retention period. The microfilm will be retained for the period set forth in schedule 2	*Schedule 2 Minimum retention period of microfilm record. Retention period of microfilm records commences at the termination of the retention period of original records.	Schedule 3 Overall minimum retention period of either the original record or the combination of original and microfilm record as permitted under schedules 1 and 2.
A. ADMINISTRATIVE			
1. Minute books of directors, executive committee and members' meetings-----	Permanently	-----	Permanently
2. Articles of incorporation-----	Permanently	-----	Permanently
3. Bylaws-----	Permanently	-----	Permanently
4. Reports:			
a. Annual reports-----	10 years	-----	10 years
b. Supervisory examination/audit report-----	10 years	-----	10 years
c. Monthly reports to FHLB-----	10 years	-----	10 years
d. Independent accountants' reports-----	10 years	-----	10 years
e. Income tax reports-----	10 years	-----	10 years
5. Correspondence:			
a. Routine-----	6 years	-----	6 years
b. Commitments, decisions or policies-----	6 years	4 years	10 years
B. ACCOUNTING			
1. Payment slips-----	6 years	-----	6 years
2. Daily pouches: (If window posting machine is used)			
a. Machine tapes-----	3 years	3 years	6 years
b. Tellers' take-off sheets-----	3 years	3 years	6 years
c. Duplicate journal vouchers-----	3 years	3 years	6 years
d. Temporary receipts (of duplicate postings)-----	3 years	3 years	6 years

	*Schedule 1	*Schedule 2	Schedule 3
e. Correction vouchers-----	3 years	3 years	6 years
f. Withdrawal orders-----	3 years	3 years	6 years
g. Proof sheets-----	3 years	3 years	6 years
3. Checks			
a. Regular account-----	6 years	4 years	10 years
b. Earnings distribution account-----	6 years	4 years	10 years
c. Trust account-----	6 years	4 years	10 years
d. Payroll account-----	6 years	4 years	10 years
4. Cash receipt book-----	Permanently	-----	Permanently
5. Cash disbursement book-----	Permanently	-----	Permanently
6. General journal or journal vouchers-----	Permanently	-----	Permanently
7. General ledger:			
a. Hand posted-----	Permanently	-----	Permanently
b. Daily machine posted-----	6 years	Permanently	Permanently
8. Check stubs-----	6 years	4 years	10 years
9. Duplicate check-(register)-----	6 years	4 years	10 years
10. Bank statements and reconciliations-----	3 years	3 years	6 years
11. Detailed ledger cards or ledger sheets:			
a. Mortgage loan--all types-----	3 yrs after closing account	7 years	10 years
b. Share loan-----	3 yrs after closing account	7 years	10 years
c. Property improvement loan-----	3 yrs after closing account	7 years	10 years
d. FHA Title I loan-----	3 yrs after closing account	7 years	10 years
e. Real estate contracts-----	3 yrs after closing account	7 years	10 years
f. Advances for taxes and insurance-----	3 yrs after closing account	7 years	10 years
g. Advances for life insurance premiums---	3 yrs after closing account	7 years	10 years
h. Advance payment by borrowers for taxes and insurance-----	3 yrs after closing account	7 years	10 years

	*Schedule 1	*Schedule 2	Schedule 3
i. Loans in process-----	3 yrs after closing acct	7 years	10 years
j. Real estate in judgment subject to redemption-----	3 yrs after closing acct	7 years	10 years
k. Real estate owned-----	3 yrs after closing acct	7 years	10 years
l. Rent record of real estate owned-----	3 yrs after closing acct	7 years	10 years
m. Instalment savings:			
(1) Regular-----	3 yrs after closing acct	7 years	10 years
(2) Optional-----	3 yrs after closing acct	7 years	10 years
(3) Prepaid-----	3 yrs after closing acct	7 years	10 years
n. Paid up shares-----	3 yrs after closing acct	7 years	10 years
12. Certificate of Savings Account-----	3 yrs after closing acct	7 years	10 years
13. Savings accounts:			
a. Mtg pledged (SASF mtg loans)-----	3 yrs after closing acct	7 years	10 years
b. Mtg pledged (Div waiver and direct reduction mtg loans)-----	3 yrs after closing acct	7 years	10 years
c. Instalment savings:			
(1) Regular-----	3 yrs after closing acct	7 years	10 years
(2) Optional-----	3 yrs after closing acct	7 years	10 years
(3) Prepaid-----	3 yrs after closing acct	7 years	10 years
d. Paid up-----	3 yrs after closing acct	7 years	10 years
e. Pass book type-instalment savings:			
(1) Regular-----	During life of account.	-----	During life of account.
(2) Optional-----	Upon withdrawal, affix cancellation stamp and return to member.		Upon withdrawal, affix cancellation stamp and return to member.
(3) Prepaid-----			
14. Borrowers' membership certificates:			
a. Regular certificate-----	During life of loan.	-----	During life of loan.
b. Pass book type-----	Upon repayment of loan, affix cancellation stamp and return to member.		Upon repayment of loan, affix cancellation stamp and return to member.
15. Savings certificate stub books and Share certificate stub book-----	If canceled savings certificates are not pasted to stubs, retain individual stub books until related certificates are paid. If canceled savings	If canceled savings certificates are attached to stubs, retain microfilm 7 yrs--see 13-a, b, c, and d above.	10 years

	*Schedule 1	*Schedule 2	Schedule 3
	certificates are attached to stubs, retain 3 yrs after last related savings certificate was canceled--see 13-a, b, c and d above.		
16. Savings certificate duplicate register and share certificate duplicate register-----	Retain until original savings certificate is surrendered.	----	Retain until original savings certificate is surrendered.
17. Earnings distribution check register----	6 years	4 years	10 years
18. Membership cards:			
a. Application and agreement - signature cards-----	3 yrs after termination of membership.	7 years	10 years
b. Dividend waiver agreement-----	3 yrs after closing acct	7 years	10 years
c. Proxies-----	Upon termination of membership.	6 years	6 years
19. Legal papers pertaining to members' account:			
a. Inheritance tax-----	3 yrs after closing acct	7 years	10 years
b. Letters of administration-----	3 yrs after closing acct	7 years	10 years
c. Certified copy of death certificate--	3 yrs after closing acct	7 years	10 years
d. Certified copy of final decree-----	3 yrs after closing acct	7 years	10 years
e. Last will and testament-----	3 yrs after closing acct	7 years	10 years
f. Declaration of incompetency-----	3 yrs after closing acct	7 years	10 years
g. Lost pass book affidavit-----	3 yrs after closing acct	7 years	10 years
h. Lost savings certificate affidavit---	3 yrs after closing acct	7 years	10 years
i. Power of attorney-----	3 yrs after closing acct	7 years	10 years
j. Indemnity bond for lost savings certificate-----	3 yrs after closing acct	7 years	10 years
k. Indemnity bond for lost pass book----	3 yrs after closing acct	7 years	10 years
20. Insurance:			
a. Surety bond--officers, directors and employes-----	Permanently	----	Permanently

	*Schedule 1	*Schedule 2	Schedule 3
b. Fire and extended coverage on furniture, fixtures and equipment and/or office building-----	2 yrs after expiration date.	-----	2 yrs after expiration date.
c. Plate glass-----	2 yrs after expiration date.	-----	2 yrs after expiration date.
d. Workmen's compensation-----	2 yrs after expiration date.	-----	2 yrs after expiration date.
e. Public liability-----	2 yrs after expiration date.	-----	2 yrs after expiration date.
f. Auto liability-----	2 yrs after expiration date.	-----	2 yrs after expiration date.
g. Errors and omissions-----	2 yrs after expiration date.	-----	2 yrs after expiration date.
h. Insurance expiration cards on mtge. loan acct.-----	Retain until loan repayment.	-----	Retain until loan repayment.
21. Loan application--mtg. loan-----	During life of loan.	-----	-----
22. Application for additional advance on mtg. loan-----	During life of loan.	-----	-----
23. Application for home improvement loan----	During life of loan.	-----	-----
24. Appraisal reports--mtg. loans-----	During life of loan.	-----	-----
25. Opinions of title-----	During life of loan.	-----	-----
26. Miscellaneous:			
a. Paid bills-----	6 years	-----	6 years
b. Trial balances-----	6 years	-----	6 years
c. Monthly proof tapes reconciling subsidiary ledger cards with general ledger control accounts-----	2 years		2 years
		Note: At its option, an association may, annually or at other stated intervals, microfilm all subsidiary ledger accounts after said accounts have been reconciled with general ledger control accounts.	

	*Schedule 1	*Schedule 2	Schedule 3
C. PERSONNEL			
1. Attendance record or time cards-----	3 years	3 years	6 years
2. Employee record-----	Permanently	-----	Permanently
3. Payroll record-----	Permanently	-----	Permanently

* Schedules 1 and 2 not applicable if microfilm is used as the original for daily transactions. In such cases the original microfilm will be retained for the minimum retention period set forth in schedule 3.

Chapter S-L 14

TRANSFER OF SAVINGS ACCOUNTS

S-L 14.01 Transfer of Savings Accounts

- S-L 14.01 (1) A member may transfer his savings account or savings accounts by instrument in writing.
- (2) No transfer of a savings account shall be binding as against the association until proper entry has been made in the books of the association and upon receipt of the payment of such transfer fee as specified in the bylaws.
- (3) All references in this section to savings accounts shall also apply to share accounts and share certificates issued by the association prior to the 1963 repeal and recreation of Chap. 215, Wis. Stats.

Chapter S-L 15

REPLACEMENT OF LOST OR DESTROYED SAVINGS ACCOUNT PASSBOOKS OR CERTIFICATES OF SAVINGS ACCOUNTS

S-L 15.01 Replacement of Lost or Destroyed Savings Account Passbooks or Certificates of Savings Accounts

S-L 15.01 The following procedure shall be used in the replacement of savings account passbooks and certificates of savings accounts reported lost or destroyed:

- (1) The member shall give immediate notice to the Secretary of the association when a savings account passbook or a certificate of savings account is lost or destroyed.
- (2) Any member, claiming that a savings account passbook or a certificate of savings account has been lost or destroyed, shall make an affidavit of such fact, and if the directors of the association so desire, shall give the association a surety bond of indemnity or such other bond or collateral in an amount set by the directors but not exceeding twice the withdrawal value of the savings account passbook or certificate of savings as reported lost or destroyed, against any loss or damage that may arise from the issuing of a new savings account passbook or certificate of savings account. Upon the payment of the fee prescribed in the bylaws, the member shall receive a new savings account passbook or certificate of savings account of the same tenor and effect as the one alleged to be lost or destroyed.
- (3) The board of directors may authorize the issuance of a new savings account passbook or certificate of savings account to a member, upon receipt of his affidavit of loss and the payment of the fee prescribed in the bylaws. A savings account passbook or certificate of savings, thus issued, shall be of the same tenor and effect as the one alleged to be lost or destroyed.
- (4) All references in this section to savings accounts and certificates of savings accounts shall apply to installment savings share accounts and paid-up share certificates issued by the association prior to the 1963 repeal and recreation of Chap. 215, Wis. Stats.

Chapter S-L 16

LIQUIDITY REQUIREMENT

S-L 16.01 Liquidity Requirement

S-L 16.01 (1) Definitions

- (a) "Loan", as used herein, shall be deemed to have been made as of the date appearing in the mortgage or mortgage note, and a loan shall have been deemed to have been purchased as of the date of payment thereof.
 - (b) "Cash," as used herein, shall mean cash on hand and on deposit in depository banks.
 - (c) "Obligations of the United States," as used herein, shall mean all unpledged evidences on indebtedness issued by the United States and all unpledged evidences of indebtedness issued by any agency or instrumentality of the United States which are by statute fully guaranteed as to principal and interest by the United States.
- (2) No state chartered savings and loan association shall make or purchase any loan, other than loans secured by withdrawable savings accounts, whenever the total of cash and obligations of the United States is less than 7% of the total withdrawable savings accounts.

Chapter S-L 17

PROPERTY IMPROVEMENT LOANS

S-L 17.01 Property Improvement Loans

S-L 17.01 Property improvement loans, pursuant to the permissive authority of Sec. 215.20, Wis. Stats., are made to the owners thereof to enable them to obtain maximum use and enjoyment therefrom, and shall conform to the following:

- (1) Each loan to be evidenced by a negotiable note showing the amount of the obligation, the term and contractual monthly payment.
- (2) Interest, discount or gross charge shall be as determined by the board of directors.
- (3) The maximum loan not to exceed the amount allowed to federal savings and loan associations.
- (4) Each loan to be repaid in regular monthly installments within a period of 5 years.
- (5) No officer, director or employe of an association is eligible for a property improvement loan unless he is the owner and occupant of the property.
- (6) When the proceeds of a loan are used to furnish or equip a property of an owner, the items of furnishings and equipment are limited to:
 - (a) Portable air conditioners, humidifiers and dehumidifiers
 - (b) Washers and dryers
 - (c) Freezers
 - (d) Cooking ranges
 - (e) Refrigerators
 - (f) Portable dishwashers
 - (g) Floor coverings
 - (h) Draperies
- (7) Any property improvement loan purchases shall comply with the provisions of Sec. 215.13(20), Wis. Stats.
- (8) The aggregate of property improvement loans made or purchased by an association shall not exceed 15% of such association's total assets.

MORTGAGE LOANS

S-L 18 Mortgage Loans

S-L 18.01 Classifications of Real Estate Security

The following descriptions, as used in this section, shall further classify the types of eligible real estate security generally defined in subsec. 215.21(7), Wis. Stats.:

- (1) "Dwelling Unit" means a single unified combination of rooms designed for residential use by one family.
- (2) "Single Family Dwelling" means:
 - (a) Real estate upon which is located a structure designed for residential use by one family, or
 - (b) An individually owned unit designed for residential use by one family in a multiple-unit structure, the owner of which unit owns an undivided interest in the underlying real estate and the common elements of such structure. The term, "Common Elements," includes supporting walls, hallways, stairways, elevators and such other facilities as are necessary to the use and enjoyment of an individual unit.
- (3) "Home-Type Property" means real estate upon which there is located one or more single-family dwellings or a structure containing dwelling units for not more than 4 families in the aggregate.
- (4) "Combination-Home-and-Business-Type Property" means real estate upon which is located a structure used in part for residence purposes for not more than 4 families and in part for business purposes.
- (5) "Other-Home-Type Property" means real estate upon which there is located a structure or structures containing dwelling units for five or more families.
- (6) "Other-Combination-Home-and-Business-Type Property" means real estate upon which is located a structure or structures used in part for residence purposes for 5 or more families and in part for business purposes.
- (7) "Commercial-Type Property" means real estate upon which is located a structure or structures used strictly for commercial and business purposes. This classification also includes churches, schools, dormitories, hospitals, nursing homes, convalescent homes and homes for the aging.
- (8) "Subdivision Property" means vacant land that is being acquired, developed and improved, or developed and improved for residential purposes.
- (9) "Fully Improved Lots" mean vacant lots which are ready for the construction of single family residences thereon, and are pledged as security for loans to builders of homes.

Chapter S-L 18

MORTGAGE LOANS

S-L 18.02 Maximum Loan Ratios to Appraised Values

S-L 18.02 Maximum Loan Ratios to Appraised Values

Except as otherwise provided in Secs. S-L 18.10 and S-L 18.11, Wis. Adm. Code, no mortgage loan shall exceed the ratios herein set forth:

(1) Straight Mortgage Loans

- (a) Straight mortgage loans, secured by real estate with any type of structures thereon, shall conform to the maximum loan ratios prescribed in subsec. 215.21(6)(b)1 and 2, Wis. Stats.
- (b) When the proceeds of a straight mortgage loan are used for the purpose of construction of homes, as described in subsec. S-L 18.01(1) to (4), Wis. Adm. Code, the maximum loan shall conform to the 80% loan limit prescribed in subsec. 215.21(6)(b), Wis. Stats.
- (c) When the proceeds of a straight mortgage loan are used for the construction of structures containing dwelling units for more than 5 families, or structures used in part for residential purposes for more than 5 families and in part for business purposes, as described in subsec. S-L 18.01 (5) and (6), Wis. Adm. Code, the maximum loan shall not exceed 75% of the appraised value of the real estate security.
- (d) When the proceeds of a straight mortgage loan are used for the purpose of construction of a commercial type structure, as described in subsec. 18.01(7), Wis. Adm. Code, the maximum loan, regardless of amount, shall not exceed 70% of the appraised value of the real estate security.

(2) Direct Reduction Mortgage Loans

- (a) Home-Type Properties and Combination-Home-and-Business-Type Properties
Any mortgage loan secured by real estate upon which is erected or upon which it is immediately planned to erect a "Home Type" structure for a single family residence or a structure for residential purposes of not more than 4 families, or a "Combination-Home-and-Business-Type" structure used in part for residential purposes for not more than 4 families, and in part for business purposes, shall not exceed 80% of the appraised value of the real estate security.
- (b) Other-Home-Type Properties and Other-Combination-Home-and-Business-Type Properties
Any mortgage loan secured by real estate upon which is erected or upon which it is immediately planned to erect a structure designed for residential purposes for more than 5 families, or a structure used in part for residential purposes for not more than 5 families, and in part for business purposes, shall not exceed 75% of the appraised value of the real estate security.

(c) Commercial Type Properties

Any mortgage loan, regardless of amount, secured by real estate upon which is erected or upon which it is immediately planned to erect a "Commercial-Type" structure, as described in subsec. S-L 18.01(7), Wis. Adm. Code, shall not exceed 70% of the appraised value of the real estate security.

(3) Subdivision Properties

Any mortgage loan made for the purpose of financing the acquisition, development and improvement or the development and improvement of lands for primarily residential use, further described in Sec. S-L 18.13, Wis. Adm. Code, shall not exceed 60% of the appraised value of such security as of the completion of such development and improvement.

(4) Fully Improved Lots

Any mortgage loan made to builders of homes, secured by fully improved lots for the future construction of home-type properties thereon, as defined in Sec. S-L 18.01(2)(a), (3) and (4), Wis. Adm. Code, shall not exceed 60% of the appraised value of such lots as prescribed in subsec. 215.21(17), Wis. Stats.

Chapter S-L 18

MORTGAGE LOANS

S-L 18.03 Aggregate Limitation of Certain Mortgage Loan Categories

S-L 18.03 Aggregate Limitation of Certain Mortgage Loan Categories

(1) Straight Mortgage Loans

- (a) The aggregate of straight mortgage loans is limited to 10% of the association's total assets by Subsec. 215.21 (6)(b)6, Wis. Stats.
- (b) Each straight mortgage loan shall remain as part of this category until fully repaid.
- (c) Every straight mortgage loan, not in excess of \$100,000., secured by "Commercial-Type" property, shall also be a part of the 18% of total assets limit set for "Commercial-Type" properties in Subsec. 215.21 (7)(c), Wis. Stats., and shall be a part of both categories until fully repaid.
- (d) Every straight mortgage loan in excess of \$100,000. shall also be a part of the 20% of total assets limit set for "Loans in Excess of \$100,000." in Subsec. 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid loan balance is reduced to \$100,000.

(2) Loans Secured by "Commercial-Type" Property

- (a) The aggregate of mortgage loans, secured by "Commercial-Type" property, is limited to 18% of the association's total assets by Subsec. 215.21 (7)(c), Wis. Stats.
- (b) Every mortgage loan, secured by "Commercial-Type" property shall remain as part of this category until fully repaid.
- (c) Every mortgage loan in excess of \$100,000., secured by "Commercial-Type" property, shall also be a part of the 20% of total assets limit set for "Loans in Excess of \$100,000." in Subsec. 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid loan balance is reduced to \$100,000.

(3) Participation Loans

- (a) The aggregate of participation loans, made under the permissive authority of Subsec. 215.21 (15), Wis. Stats., consisting of the retained portion of those loans originated by the association and the participating interests in mortgage loans purchased from other lenders, except G.I. and F.H.A. loans, shall not exceed 30% of the association's total assets.
- (b) Every participation loan, whether it be that portion retained by the originating association or a participating interest purchased from other lenders, secured by "Commercial-Type" property shall also be a part of the 18% of total assets limit set for "Commercial-Type" properties in Subsec. 215.21 (7)(c), Wis. Stats., and shall remain as a part of both categories until fully repaid.
- (c) Every participating interest in a mortgage loan in excess of \$100,000., whether it be that portion retained by the originating association or a participating interest purchased from other lenders, shall also be a part of the 20% of total assets limit for "Loans in Excess of \$100,000." in Subsec. 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid balance of the participating interest so retained or originated is reduced to \$100,000.

(4) Subdivision Loans

- (a) The aggregate of loans, made for the acquisition, development and improvement or the development and improvement of lands for primarily residential use, under the permissive authority of Subsec. 215.21 (16), Wis. Stats., shall not exceed 5% of the association's total assets.
- (b) The total amount of loans of this type that may be made to any individual developer shall not exceed one-fifth (20%) of the 5% limit prescribed in par. (a), above.
- (c) Any subdivision loan in excess of \$100,000. shall also be a part of the 20% of total assets limit set for "Loans in Excess of \$100,000." in Subsec. 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid balance of the loan is reduced to \$100,000.

(5) Fully Improved Lots

- (a) The aggregate of loans, made to builders of homes on the security of fully-improved lots for the future construction of single-family homes thereon, is limited to 1% of the association's total assets by Subsec. 215.21(17), Wis. Stats.
- (b) The total amount of loans of this type that may be made to an individual builder of homes shall not exceed one-fifth (20%) of the 1% aggregate total imposed by Subsec. 215.21 (17), Wis. Stats.
- (c) Any loan in excess of \$100,000., secured by fully-improved lots, shall also be a part of the 20% of total assets limit set for "Loans in Excess of \$100,000." in Subsec. 215.21 (27), Wis. Stats., and shall remain in that category until the unpaid balance of the loan is reduced to \$100,000.

(6) Loans in Excess of \$100,000.

- (a) The aggregate of loans in excess of \$100,000., regardless of the type of real estate security or method of loan repayment, is limited to 20% of the association's total assets by Subsec. 215.21(27), Wis. Stats.
- (b) Any loan in excess of \$100,000. shall remain a part of this category until the unpaid balance of the loan is reduced to \$100,000.

(7) Loans to One Borrower

- (a) The aggregate of loans that may be made to any one borrower by an association, having total assets of \$1,000,000. or less, shall conform to the limits prescribed in Sec. 215.21 (5), Wis. Stats. Any association, whose assets exceed \$1,000,000., may make loans to any one borrower, that in the aggregate do not exceed 10% of the association's savings capital or the association's total of general reserves and undivided profits, whichever is the lesser.
- (b) In the event a borrower conveys title to his property to another person, subject to the association's mortgage, the loan shall be considered as a loan made to the original owner, and shall be included in the aggregate of loans made to him as an individual borrower.
- (c) In the event a borrower conveys title to his property to another person, and that other person assumes the payment of the mortgage, and the directors, by resolution, relieve the original borrower of any and all responsibility for the repayment of the loan, then such loan shall be deducted from the aggregate of loans made to him as an individual borrower.

Chapter S-L 18

MORTGAGE LOANS

S-L Mortgage Loans

S-L 18.04 Lending Area

The lending area of an association is defined as that area within a radius of 100 miles of the association's office in Subsec. 215.21(2), Wis. Stats. Associations are limited in making mortgage loans on real estate security located more than 50 miles but not more than 100 miles from the association's office to 20% of the association's total assets. Participation loans, (see Sec. S-L 18.12(11), Wis. Adm. Code) secured by real estate located more than 50 miles from the association's office are a part of this 20% limitation.

Chapter S-L 18

MORTGAGE LOANS

S-L 18 Mortgage Loans

S-L 18.05 Approved Appraisers and Appraisal Reports

(1) Approved Appraisers

(a) Any person, possessing the qualifications herein described, is hereby approved by the Savings and Loan Commissioner as qualified to render appraisals on real estate securing loans described in Sec. 215.21(9), Wis. Stats:

1. Membership in a recognized professional appraisal group, organization or society, or
2. At least 10 years of appraisal work or possesses such training and experience which, in the opinion of the board of directors, would qualify him to make appraisals, or
3. Staff appraiser of any recognized appraisal firm, association, bureau or corporation, and who further meets the qualifications under sub-paragraphs (1) or (2) above.

(b) No approved appraiser shall render any appraisal reports to an association unless his appointment as such has been designated by name in a resolution adopted by the board of directors.

(c) Any association may, by board resolution, designate by name and employ an appraiser or appraisers, approved by the Commissioner, to appraise real estate security on all loans.

(d) The association's duly appointed appraisal committee is not qualified as a committee to render appraisals pursuant to subsec. 215.21(9)(a), Wis. Stats. However, any member of such appraisal committee possessing the qualifications, prescribed in paragraph (a) above, may, upon proper resolution of the board of directors, render appraisals on real estate security described in subsec. 215.21(9)(a), Wis. Stats.

(e) The association's duly appointed appraisal committee is qualified to appraise any real estate security for loans except such real estate security as described in subsec. 215.21(9)(a), Wis. Stats.

(f) No approved appraiser or member of a duly appointed appraisal committee shall appraise real estate security for a loan if he has an interest in such property.

(2) Appraisal Reports

Each appraisal report must be signed by the appraiser, if the appraisal was made by an approved appraiser, or by a majority of the appraisal committee members if the appraisal was made by the association's appraisal committee. Each appraisal report shall set forth the value of land and improvements separately, and such other data and information to substantiate the "Reasonable Market Value" required by subsec. 215.21(18), Wis. Stats.

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S-L 18.06 Opinions of Title

(1) Opinions of Title from Abstracts

- (a) 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 status of title, 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.
- (b) If the association is refinancing an existing mortgage and has a final opinion of title on such loan, then said final opinion of title may be accepted in lieu of a preliminary opinion of title provided that the extension of the abstract, prior to the refinancing shows that there are no unsatisfied, intervening mortgages, liens or judgments.
- (c) 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.
- (d) Immediately after loan closing, all deeds, mortgages, satisfactions and releases shall be recorded; thereafter the abstract, describing the mortgaged premises, shall be extended and 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.

(2) Title Guaranty Policies; When Acceptable

- (a) 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 closing of the loan.
- (b) 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 the preliminary reports, letters, binders or commitments to insure, may disburse loan proceeds.

(c) Immediately after loan closing, all deeds, satisfactions, mortgages and releases shall be recorded, and title policies insuring first liens to the association shall be obtained within 1 year on all loans made for purposes of construction, and within 2 months on mortgage loans made for purposes other than construction. 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.

(3) Title Search for Intervening Liens on Additional Advances

(a) Prior to granting an additional advance on a mortgage loan, the association shall obtain a letter or affidavit from the attorney, abstractor or title company that the records have been checked to determine the existence of any intervening liens.

(b) If such title search reveals the existence of intervening liens, no additional advance shall be made unless subordination agreements are obtained from the holders of said liens, or the liens satisfied.

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S-L 18.07 Construction Loans

The proceeds of a loan made for the purpose of meeting the cost of constructing a building and monies deposited with the association by a borrowing 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, sub-contractor or material man furnishing labor and material on the property pledged as security for a loan.

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S-L 18.08 Renewal or Extension of Straight Mortgage Loans

Any savings and loan association renewing or extending straight mortgage loans, pursuant to the provisions of Subsec. 215.21(6)(b)4, Wis. Stats., shall follow the following procedure:

- (1) The borrower shall request in writing his desire for an extension or renewal of his mortgage loan. Such notice 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 take formal action upon each extension and renewal request. If the board approved such application, the minutes shall state the time granted for the renewal or extension and the rate of interest to be paid.
- (3) After the application for extension or renewal has been approved by the board, 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.

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S-L 18.09 Types of Real Estate Unacceptable as Mortgage Loan Security

Unless the real estate pledged as security on a mortgage loan shall abut on a public right-of-way or shall have access to a public right-of-way by a recorded easement, or where real estate security is located to the rear of another parcel of real estate owned by a party other than the owner of the real estate offered as security, it shall be unacceptable as security for a mortgage loan. An alley shall not be considered a public right-of-way.

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S-L 18.10 Loans in Excess of 80% of Appraised Value

(1) When Permitted

Any association whose aggregate of general reserves and undivided profits is equal to or in excess of 3% of total assets may make loans pursuant to the permissive authority of this section.

(2) Type of Eligible Security

Any association may exceed the 80% maximum loan ratio to appraised value of the real estate security, as imposed by Subsec. S-L 18.02(2), Wis. Adm. Code, when such loans are secured by real estate single family dwellings, as defined in Subsec. S-L 18.02(2)(a) and (b), Wis. Adm. Code, or structures designed for residential use by 2 families, provided that the premises be occupied in whole or in part by the borrower as his dwelling.

(3) Purpose of Loans

Loans made under the provisions of this section may be for any purpose.

(4) Maximum Loan Ratio

No loan made pursuant to the provisions of this section, shall exceed 90% of the appraised value of the real estate security, provided that:

- (a) The maximum loan on a single family residential unit shall in no event exceed \$27,000.
- (b) The maximum loan on a 2 family residence shall in no event exceed \$33,000.

(5) Mandatory Additional Security

- (a) That portion of any loan in excess of 80% of the appraised value of the real estate security shall be further secured by such acceptable collateral, as defined in Subsec. (5)(b) below, or mortgage insurance or both, as may be determined by the board of directors of the association. Nothing in this subsection shall be deemed to prevent any association from demanding that borrowers further secure their loans with additional collateral, or mortgage insurance, or both, in such percentages or amounts as determined and approved by the board of directors. The term, mortgage insurance, as used herein, is defined as insurance which shall indemnify the association, in whole or in part, against loss resulting from default of the borrower's contractual payments as specified in the mortgage note.
- (b) Additional collateral, acceptable for loans made pursuant to this section, may consist of:
 - 1. The cash surrender value of an insurance policy on the life of any person responsible for the payment of the mortgage note.

2. United States Government Securities, "E" Bonds excluded.
 3. Market value of bonds, notes or other evidences which are a general obligation of any city, town, village, county or school district of this state.
 4. Savings accounts of state-chartered and federally-chartered savings and loan associations, doing business in this state, including savings accounts of mortgagee association.
 5. Savings accounts of savings and loan associations located outside of the state of Wisconsin, which are insured by the Federal Savings and Loan Insurance Corporation.
- (c) Incumbered real estate, vacant lands, vacant lots, personal property and personal guarantors on the mortgage note are not eligible as additional collateral to loans granted pursuant to this section.

(6) Other Requisites

No loan in excess of 80% of the appraised value of the real estate security shall be made unless the following conditions are met:

- (a) That no part of the single family residence or the 2 family residence is to be used for business purposes.
- (b) That the parcel of land on which the single family residence or 2 family residence is located has no other residential, combination-home-and-business or commercial type property located upon it.
- (c) That the borrower execute an affidavit stating that no additional financing, other than the association's mortgage, has been agreed upon by the borrower.

(7) General

On loans made for the purpose of financing construction, the following must be observed by the association:

- (a) The aggregate of loan proceeds up to the completion of construction shall not exceed 80% of the appraised value of the real estate.
- (b) The amount of such loan in excess of 80% of the appraised value of the real estate security shall not be disbursed until:
 1. Construction has been fully completed, and
 2. The property has been occupied by the borrower as a dwelling.

(8) Forfeiture Provisions

The board of directors of an association may declare a loan, made under the provisions of this section, due and payable and commence legal proceedings to enforce collection whenever any of the following conditions exist while the unpaid balance of the loan exceeds 80% of the appraised value of the real estate security:

- (a) Title to the real estate securing the loan has been conveyed to another person, or
- (b) The borrower ceases to be an occupant of the property.

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S-L 18.11 Mortgage Loans Secured by Improved Real Estate and Savings Accounts of Savings and Loan Associations

- (1) Any association may make mortgage loans on the security of improved real estate, subdivision-type property and improved lots excluded, and the withdrawal value of savings and loan association savings accounts, and may exceed the maximum loan ratios prescribed in subsec. 215.21(6)(b), Wis. Stats. and Subsecs. 18.02(1), (2), (3) and (4), Wis. Adm. Code, when the excess of such mortgage loan is further secured by the withdrawal value of savings accounts of any state-chartered or federally-chartered savings and loan association doing business in Wisconsin, or the withdrawal value of savings accounts of any savings and loan association located outside of the state of Wisconsin, whose members' accounts are insured by the Federal Savings and Loan Insurance Corporation.
- (2) The maximum amount of any mortgage loan made pursuant to the provisions of this section, may be made up to but shall not exceed the appraised value of the improved real estate security.
- (3) The savings accounts, pledged as additional collateral to any mortgage loan made pursuant to the provisions of this section, may be the property of any person and may be accepted at full withdrawal value.
- (4) Upon proper assignment of the pledged savings accounts, a collateral trust agreement shall be executed between the borrower, the owner of the pledged savings accounts and the mortgagee association. The trust agreement shall provide the manner in which the pledged savings account may be released.
- (5) The mortgage note shall contain a recitation to the effect that said loan is further secured by a collateral trust agreement of even date.
- (6) No additional advances may be made on any mortgage loan, made pursuant to the provisions of this section, while the collateral trust agreement is in force.
- (7) Any additional advances made after the termination of the collateral trust agreement, shall be made in such amount so as to limit the borrower's total unpaid loan balance to the maximum loan ratios cited in Subsec. (1) above.

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S-L 18.12 Participation Loans

(1) Definitions

The definitions in this section apply unless the context clearly indicates otherwise, that is to say:

- (a) "Federal Savings and Loan Association" means a savings and loan association organized pursuant to an Act of Congress, entitled "Home Owners Loan Act of 1933."
- (b) "Insured Bank" means a banking institution whose deposits are insured by the Federal Deposit Insurance Corporation.
- (c) "Insured, State-Chartered Savings and Loan Association" means a savings and loan association organized under Chap. 215, Wis. Stats., whose members' savings accounts are insured by the Federal Savings and Loan Insurance Corporation.
- (d) "Lenders," means:
 - 1. Federal savings and loan associations.
 - 2. Insured banks.
 - 3. Insurance companies licensed to do business in this state.
 - 4. Insured, state-chartered savings and loan associations.
 - 5. Non-insured, state chartered savings and loan associations.
 - 6. Other instrumentalities or corporations owned wholly or in part by this state or the United States.
 - 7. Tax exempt organizations operating under subsection (a) of Section 501 of the Internal Revenue Code as now or hereafter in effect.
- (e) "Non-insured, state-chartered savings and loan association" means a savings and loan association organized under Chap. 215, Wis. Stats. whose members' savings accounts are not insured by the Federal Savings and Loan Insurance Corporation.
- (f) "Originating Association" means a savings and loan association that has made a mortgage loan on improved real estate and sold a participating interest therein to a lender as defined in Subsec. (1)(d) above.
- (g) "Originating Lender" means a lender, as defined in Subsec. (1)(d) above, that has made a mortgage loan on improved real estate and sold a participating interest therein to another lender.
- (h) "Participation Loan" means a mortgage loan secured by improved real estate, originated by a lender as defined in Subsec. (1)(d) above, of which a participating interest has been sold to another lender, as defined in Subsec. (1)(d) above, under the terms and conditions of a participation loan agreement and evidenced by a participation loan certificate.
- (i) "Purchasing Association" means a savings and loan association that has purchased a participating interest in a mortgage loan on improved real estate from a lender defined in Subsec. (1)(d) above.

- (j) "Purchasing Lender" means a lender, as defined in Subsec. (1)(d) above, that has purchased a participating interest in a mortgage loan on improved real estate from a lender defined in Subsec. (1)(d) above.

(2) Insured, State-Chartered Savings and Loan Associations

- (a) Any insured, state-chartered savings and loan association may originate a mortgage loan on any type of improved real estate, situated not more than 50 miles from its office, and sell a participating interest therein to any lender defined in Subsec. (1)(d) above.
- (b) Any insured, state-chartered savings and loan association may originate a mortgage loan on improved real estate consisting of home-type, combination-home-and-business-type, other home-type, or other combination-home-and-business-type property, (as defined in Sec. S-L 18.01(3)(4)(5) and (6), Wis. Adm. Code) located more than 50 miles but not more than 100 miles from its office, and sell a participating interest therein to:
1. A federal savings and loan association.
 2. Any state-chartered savings and loan association whose members' savings accounts are insured by the Federal Savings and Loan Insurance Corporation.
 3. A bank whose deposits are insured by the Federal Deposit Insurance Corporation.
 4. Any tax exempt organizations operating under Subsec. (a) of Section 501 of the Internal Revenue Code.
- (c) Any insured, state-chartered savings and loan association granting mortgage loans, as described in Subsec. (2)(b) above, may, with prior approval of the Federal Savings and Loan Insurance Corporation, sell participating interests therein to:
1. A non-insured, state-chartered savings and loan association, as defined in Subsec. (1)(e) above.
 2. An insurance company licensed to do business in this state.
 3. Any other instrumentality or corporation owned wholly or in part by this state or the United States.
- (d) Any insured, state-chartered savings and loan association may purchase from any lender, as defined in Subsec. (1)(d) above, a participating interest in a mortgage loan, secured by any type of improved real estate, and situated within a 50 mile radius of its office.
- (e) Any insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan on real estate consisting of home-type, combination-home-and-business-type, other home-type, or other combination-home-and-business-property, (as defined in Sec. S-L 18.01(3), (4), (5) and (6), Wis. Adm. Code) located more than 50 miles but not more than 100 miles from its office, from:
1. A federal savings and loan association.
 2. Any state chartered savings and loan association whose members' savings accounts are insured by the Federal Savings and Loan Insurance Corporation.

(f) Any insured, state-chartered savings and loan association may purchase a participating interest in a mortgage on real estate, as described in Subsec. (2)(e) above, but located more than 100 miles from its office, from:

1. A federal savings and loan association.
2. Any state-chartered savings and loan association whose members' accounts are insured by the Federal Savings and Loan Insurance Corporation.

The real estate securing the loan must be within a 100 mile radius of the originating association.

(3) Non-insured, State-chartered Savings and Loan Associations

- (a) Any non-insured, state-chartered savings and loan association may originate a mortgage loan on any type of improved real estate, situated not more than 50 miles from its office, and sell a participating interest therein to any lender defined in Subsec. (1)(d) above.
- (b) Any non-insured, state-chartered savings and loan association may originate a mortgage loan on any type of improved real estate located more than 50 miles but not more than 100 miles from its office, and sell a participating interest therein to any lender, as defined in Subsec. (1)(d) above, except a federal savings and loan association or an insured, state-chartered savings and loan association.
- (c) Any non-insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan on any type of improved real estate, located not more than 50 miles from its office, from any lender defined in Subsec. (1)(d) above.
- (d) Any non-insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan on any type of improved real estate, located more than 50 miles from its office, from any lender, as defined in Subsec. (1)(d), except a federal savings and loan association or an insured, state-chartered savings and loan association, provided that the real estate is located within 100 miles of such originating lender's office.
- (e) Any non-insured, state-chartered savings and loan association may purchase a participating interest in a mortgage loan on home-type, combination-home-and-business-type, other home-type or other combination-home-and-business-type property, and located more than 50 miles from its office, from a federal savings and loan association or an insured, state-chartered savings and loan association, provided that the originating association obtained prior approval for such sale from the Federal Savings and Loan Insurance Corporation.

(4) Retention by Originating Lender

- (a) Any lender, as defined in Subsec. (1)(d) above, originating a loan and selling a participating interest therein, must retain at least a 25% interest in such participation loan.
- (b) If the originating lender, is an insured savings and loan association, enters into a participation agreement with one or more purchasing lenders, who also are insured savings and loan associations, regarding a loan commitment, prior to the closing of the loan, and the furnishing of funds by the

participants at the time the loan is closed or processed, then the originating lender must retain a 50% interest in such participation loan.

(5) Maximum Participating Interest Purchased

The maximum amount of a participating interest purchased by a single lender, as defined in Subsec. (1)(d) above, cannot exceed 75% of the unpaid balance of the mortgage loan. If the participants, furnished funds jointly on a pro-rata basis, at the time of loan closing or processing, then the maximum amount of the participating interest purchased by a single lender cannot exceed 50% of the mortgage loan. More than one lender may purchase a participating interest in any mortgage loan, but the aggregate of such participating interests shall not exceed the limits prescribed herein.

(6) Mortgage and Mortgage Notes of Participation Loans

The mortgage and mortgage note of any participation loan shall contain only the name of the originating association or other originating lender as the "Mortgagee," and shall be retained by said originating association or other originating lender along with the other related documents.

(7) Participation Loan Agreement

Each participation loan shall be evidenced by a participation loan agreement, executed and signed by both, the originating lender (originating association) and the purchasing lender (purchasing association). The participation loan agreement shall be in such form as determined by the attorneys of the participants concerned.

(8) Participation Loan Certificate

Each participation loan shall be evidenced by a participation loan certificate, executed and signed by both, the originating lender (originating association) and the purchasing lender (purchasing association), and shall essentially contain the following information:

- (a) Identification number.
- (b) Name of borrower.
- (c) Address of property securing the loan.
- (d) Appraisal value of the property securing the loan.
- (e) Original amount of the loan.
- (f) Unpaid principal balance.
- (g) Interest rate and term of loan.
- (h) Contractual monthly payment.
- (i) Recording date of mortgage.
- (j) Document number of mortgage recordation and volume and page number of records.

(9) Mortgage Loan Document Files of Originating Association

To evidence the sale of a participating interest in a mortgage loan, the loan document file of the originating association shall, in addition to the note, mortgage and other related papers, contain signed copies of the participation loan agreement and the participation loan certificate of the other purchasing lender or lenders.

(10) Mortgage Loan Document Files of Purchasing Association

To evidence the purchase of a participating interest in a mortgage loan, the loan document file of the purchasing association shall contain the signed copies of the participation loan agreement and the participation loan certificate of the originating lender.

(11) Aggregate of Participation Loans

The aggregate of participation loans, consisting of the retained portion of those originated and participating interest purchased from other lenders shall not exceed 30% of the association's total assets, subject to the lending area restriction of 20% of loans on real estate situated more than 50 miles from the association's office, as described in Sec. S-L 18.04, Wis. Adm. Code.

(12) Ineligible Security for Participation Loans

Subdivision loans and loans to builders on fully-improved residential lots, as defined in Sec. S-L 18.01(8) and (9), Wis. Adm. Code, shall not be eligible real estate security for participation loans.

(13) Sale of Participating Interests in Mortgage Loans

The sale of a participating interest in any mortgage loan shall be without recourse.

(14) Applicability of Other Statutory and Code Provisions

All participation loans, whether retained portions of those originated or the participating interests purchased from other lenders, must conform to other applicable standards, requirements and restrictions as contained in Chap. 215, Wis. Stats., and the Savings and Loan Section (S-L) of the Wisconsin Administrative Code.

(15) Participation Loans as Joint Mortgagee with Other Lenders

- (a) Any association may make joint loans with other lenders. Each joint mortgage shall be evidenced by a single mortgage securing the mortgage notes held by the mortgagees participating in such joint venture.
- (b) All joint mortgage loans shall conform to all other requisites pertaining to location of real estate security, type of real estate security and maximum loan ratio to appraisal value.
- (c) At the time of closing a joint mortgage loan, the participating lenders shall execute an agreement setting forth the following:

1. The lender who will collect escrow payments for taxes and insurance and charged with the responsibility of determining that taxes and insurance premiums are paid.
2. The person or persons delegated with the responsibility of providing the necessary insurance coverage, and the name of the lender who will hold such insurance policies.
3. The collection of monthly payments from the mortgagor and the pro-rata remittance thereof to the participating lenders.
4. Conditions precedent for foreclosure proceedings.
5. Such other matters necessary to protect the interests of all lenders participating in the joint mortgage.

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S-L 18.13 Subdivision Loans

- (1) When Permitted
Any association whose total general reserves and undivided profits are equal to or exceed 5% of total assets, may make subdivision loans authorized by Subsec. 215.21(16), Wis. Stats.
- (2) Location of Real Estate Security
The land securing loans of this type shall be situated in Wisconsin and not more than 50 miles distant from the association's office.
- (3) Title of Real Estate Security
The title of the real estate security to all loans of this type shall be on land in fee simple.
- (4) Aggregate of Subdivision Loans
The aggregate of subdivision loans shall not exceed 5% of the Association's total assets.
- (5) Loans to One Borrower
The total of loans made to any single borrower, for the purposes described in Subsec. 215.21(16), Wis. Stats., shall not exceed 20% of the aggregate amount prescribed in Subsec. (4) above.
- (6) Types of Subdivision Loans
Subsec. 215.21(16), Wis. Stats., permits the following types of subdivision loans:
 - (a) A loan, the proceeds of which will be used by the applicant borrower to acquire, develop and improve land for primarily residential use, or
 - (b) A loan, the proceeds of which will be used by the applicant borrower to develop and improve land, owned by him, for primarily residential use.
- (7) Mortgage and Mortgage Note
The amount of the loan specified in the mortgage and mortgage note shall not exceed 60% of the appraised value of the real estate upon completion of the developments and improvements.
- (8) Appraisal Requirements
Prior to the making of a subdivision loan, two appraisals must be made:
 - (a) An appraisal of the real estate security (acreage) without the inclusion of and prior to the commencement of development and improvement.
 - (b) An appraisal of the real estate security as of the completion of development and improvement. This appraisal report shall also establish the value of individual lots in the tract.
 - (c) Any appraisal, as required in par. (b) above, shall be supported by data furnished and prepared by qualified engineers as to the cost estimate of the developments and improvements.

(9) Disbursements on Subdivision Loans

- (a) The initial disbursement of the loan proceeds of a subdivision loan shall not exceed 60% of the appraised value of the land prior to the time the loan is made, as required in subsec. (8)(a) above.
- (b) After commencement of development and improvement and prior to completion, a disbursement shall not exceed, together with all previous disbursements, 60% of the value of the real estate plus 60% of the cost of the developments and improvements to the date of such disbursement.

(10) Opinion of Title

In addition to the opinion of title, required in Sec. S-L 18.06, Wis. Adm. Code, the association's attorney or any attorney approved by the association shall examine all papers and documents of the loan file to ascertain that the loan meets the requirements and procedures prescribed in Chap. 236, Wis. Stats., and advise the association in writing as to the findings of his examination.

(11) Commencement of Developments and Improvements

In order to assure itself that all phases of development and improvement on a subdivision loan will be completed prior to the due date of the loan, the association shall enter into an agreement with the applicant borrower providing a time schedule for the commencement date, the completion date of each phase of development and the date on which the project is completed.

(12) Release Privileges

Upon receipt of the appraisal report, described in subsec. (8)(b) above, the association and the applicant borrower shall, by written agreement, set up a schedule of release prices of the individual lots in the subdivision tract. Whenever a completed lot is sold, the borrower shall pay not less than 75% of the sale price of such lot to the association, whereupon the association shall release said lot from pledge.

(13) Term of Loan

The maximum period of a subdivision loan is limited to 3 years. The proceeds from sales of lots shall, in accordance with the provisions of Subsec. (12) above, be applied to the unpaid balance of the loan. The entire unpaid balance of the loan shall become due and payable at the end of three years.

(14) Loan Extensions

Any subdivision loan may be extended for a period of one year upon written application of the borrower. If the board of directors approves the extension, then the procedure prescribed in Sec. S-L 18.08(2) and (3) shall be followed. No subdivision loan shall be extended at maturity unless the interest and taxes are current.

(15) Other Requirements

All subdivision loans shall be supported by the following documents:

- (a) Name of applicant. If the applicant is a corporation, the names of the officers and shareholders of such corporation.
- (b) A financial statement of the applicant to determine that the applicant has the necessary financial ability to undertake and pay off the loan obligation.

- (c) A written credit report on the applicant. If the applicant is a corporation, a written credit report on the corporation, its officers and principal shareholders.
- (d) A survey of the subdivision plat wherein all lots are properly identified.
- (e) A statement of the applicant showing:
 - 1. Date on which the land was or will be purchased.
 - 2. The cost of the land to the applicant.
 - 3. The estimated costs of development and improvements.
 - 4. The estimated value of the project after completion of developments and improvements.

(16) General

The purchasing or selling of participating interests in subdivision loans is prohibited.

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S-L 18.14 Builders' Loans Secured by Vacant Lots

- (1) When Permitted
Any association whose total general reserves and undivided profits are equal to or exceed 5% of total assets, may make loans to builders of homes on the security of fully-improved lots, pursuant to the provisions of Sec. 215.21(17), Wis. Stats.
- (2) Location of Real Estate Security
The lots securing this type of loan shall be situated in Wisconsin, and not more than 50 miles distant from the association's office.
- (3) Loans to One Borrower
The total of loans made to any single borrower, shall not exceed 20% of the 1% aggregate amount prescribed in Sec. 215.21(17), Wis. Stats.
- (4) Commencement of Construction of Structures Thereon
In addition to the regular loan documents, the borrower will execute an affidavit that he will commence construction of single-family dwellings or structures containing dwelling units for not more than 4 families on a specified number of lots, not later than 6 months after the loan was granted, and that he will build to completion structures on all of the lots within the 3 year term of the loan.
- (5) Release of Lots from Pledge
No lot may be released from loan security unless the security of the remaining lots bears the same ratio of value to the remaining unpaid loan balance as at the time the loan was made.
- (6) Appraisal Requirement
The appraisal report on loans of this type shall state separately the value of each lot securing said loan.
- (7) Other Requirements
All loans made to builders of homes on the security of fully-improved lots shall be supported by the following documents:
 - (a) Name of applicant. If the applicant is a corporation, the names of the officers and shareholders of the corporation.
 - (b) A financial statement of the applicant to determine that the applicant has the necessary financial ability to undertake and pay off the loan obligation.
 - (c) A written credit report on the applicant. If the applicant is a corporation, a written credit report on the corporation, its officers and principal shareholders.
 - (d) A survey of the subdivision plat wherein the lots are properly identified.
 - (e) A statement of the applicant showing:
 1. Date on which the lots were or will be purchased.
 2. The cost of the lots to the applicant.
 3. The types of structures that will be erected on the lots and the price range of such homes when completed.

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S-L 18 Mortgage Loans

S-L 18.15 FHA and GI Loans

Mortgage loans, as authorized by Subsec. 215.21(12), Wis. Stats., which are insured or guaranteed wholly or in part under The National Housing Act, approved June 27, 1934, or The Servicemen's Readjustment Act of 1944, U. S.P.L. 346, shall be excluded from all restrictions, categories and classifications imposed by Chap. 215, Wis. Stats., and the Savings and Loan Section of the Wis. Adm. Code. This exclusion is authorized by Sec. 219.03, Wis. Stats.

Chapter S-L 18

MORTGAGE LOANS

S-L 18 Mortgage Loans

S-L 18.16 Other Required Records and Documents

All state-chartered savings and loan associations, whose members' accounts are insured by the Federal Savings and Loan Insurance Corporation, shall maintain such other records and documents as required in the Rules and Regulations for Insurance of Accounts.

Chapter S-L 19

PENSION PLANS AND DEFERRED COMPENSATION CONTRACTS

S-L 19.01 Pension Plans and Deferred Compensation Contracts

Any pension plan or deferred compensation contract adopted by the board of directors of any savings and loan association, pursuant to the provisions of subsec. 215.09(7), Wis. Stats., shall include only such persons who are full-time, salaried employees or full-time, salaried officers of such association.