

S-L 1318123



STATE OF WISCONSIN

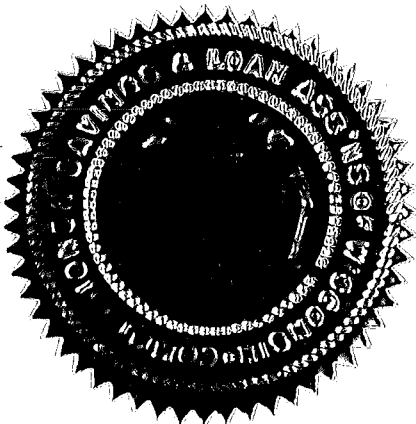
OFFICE OF COMMISSIONER OF SAVINGS AND LOAN

SS ORDER NO. 104

I, R. J. McMahon, Commissioner of Savings and Loan and custodian of the official records of the Office of Commissioner of Savings and Loan, do hereby certify that the annexed Order No. 104 was duly adopted by this office on April 20, 1978.

I further certify that the copy of the Order annexed hereto has been compared by me with the original on file in this office 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 this office in the City of Madison this 21st day of April, 1978.



R. J. McMahon
 R. J. McMahon, Commissioner

RECEIVED
 APR 21 1978
 3:05 pm
 REVISOR OF STATUTES
 BUREAU

ORDER OF THE
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN
ADOPTING AND AMENDING RULES

Order No. 104

WHEREAS, in accordance with section 227.021 of the Wisconsin Statutes official notice of a hearing on the rule changes embodied in this order was published in the Wisconsin administrative register of January 1978; and

WHEREAS, pursuant to that notice a public hearing was held on February 16, 1978, at which a draft of the attached rule was the topic of discussion; and

WHEREAS, on February 22, 1978, a final draft of the rule was approved by the commissioner of savings and loan and the savings and loan review board; and

WHEREAS, on February 24, 1978, members of the appropriate standing committees of the legislature were duly notified of the proposed rule in accordance with section 227.018 (2) of the Wisconsin Statutes; and

WHEREAS, on April 20, 1978, the office of the commissioner of savings and loan met with the assembly committee on insurance and banking, the only standing committee of the legislature that requested under section 227.018 (2) of the statutes to meet to discuss the proposed rule; Now, therefore,

Pursuant to authority vested in the Office of the Commissioner of Savings and Loan by 215.02 (7), 215.03 (6)(a)3, 215.21 (1), and 227.014 (2) of the Wisconsin Statutes, the office of the commissioner of savings and loan hereby adopts rules as follows:

A RULE to repeal S-L 18.09 (8) (b); to renumber S-L 18.09 (8) (c); to amend S-L 1.01 (8), S-L 1.03 (5) (c) and (d), S-L 18.05 (2) (d) and (3) (intro) and (a), S-L 18.09 (8) (a) and S-L 18.13 (1); to repeal and recreate S-L 1.03 (3) and (4), S-L 17, S-L 18.01 (2), (16) (19) and (20) and S-L 23; and to create S-L 18.06, relating to miscellaneous savings and loan provisions.

OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN

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Summary of Rule

This rule:

1. Modifies the commissioner's branch application procedures to eliminate the need for public hearings on uncontested applications.
 2. Rewrites existing rules on property improvement loans, lifting present dollar limitations.
 3. Increases the maximum loan to value ratio on builder's lot loans to 75%.
 4. Permits the use of a combination of mortgage insurance and pledged collateral to secure a loan in excess of otherwise applicable loan to value ratios.
 5. Imposes additional limitations on mortgage loans that are not secured by first liens, affording special treatment for interim loans and certain wrap-around mortgages.
 6. Changes the manner of calculating existing portfolio limits on loans over \$400,000.
 7. Rewrites existing rules on mobile home financing.
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SECTION 1. S-L 1.01 (8) of the administrative code is amended to read:

S-L 1.01 (8) The commissioner may issue subpoenas ~~to compel the attendance of a party or witness at a hearing~~; as provided in ~~section~~ sections 215.02 (17) and 885.01 of the statutes.

SECTION 2. S-L 1.03 (3) and (4) of the administrative code are repealed and recreated to read:

S-L 1.03 (3) (title) NOTICE OF APPLICATION. Upon receiving a completed application the commissioner shall prepare and mail a notice of application in accordance with section 215.40 (7) (a) of the statutes. The applicant shall publish the notice as required by section 215.40 (7) (a) and furnish the commissioner with proof of proper publication. The notice will set a deadline for filing written comments on the application. If the commissioner has determined that a hearing on the application will be necessary or useful, or if the applicant has requested a public hearing, the notice of application will indicate the time and place of the hearing.

(4) (title) REQUEST FOR PUBLIC HEARING. If the notice of application does not indicate a time and place for a public hearing:

(a) Any person who plans to participate in a public hearing on the application may request such a hearing. Any request for public hearing must be filed with the commissioner not later than 3 days after publication of the last insertion of the notice of application.

(b) Upon receiving a timely request for public hearing or determining that a hearing will be necessary or helpful, the commissioner shall schedule the matter for hearing and give notice to interested persons in accordance with section 215.40 (7) (c) of the statutes.

SECTION 3. S-L 1.03 (5) (c) and (d) of the administrative code are amended to read:

S-L 1.03 (5) (c) All materials required under this subsection shall be served upon the commissioner and the applicant ~~not later than 6 days in advance of the scheduled hearing~~ within the comment period provided in the notice of application.

(d) Unless controverted by materials received in accordance with this subsection, all information contained in an application shall be deemed to be uncontested. However, nothing in this subsection shall prevent any person ~~giving notice under subsection (4)~~ appearing at a public hearing from engaging in a general discussion of the needs of the community to be served by the applicant or other considerations of public policy.

SECTION 4. Chapter S-L 17 of the administrative code is repealed and recreated to read:

CHAPTER S-L 17

PROPERTY IMPROVEMENT LOANS

S-L 17.01 PROPERTY IMPROVEMENT LOAN DEFINED. "Property improvement loan" means a loan the proceeds of which are used to repair, modernize, alter, furnish, equip or improve real estate or the structure upon it, or both.

S-L 17.03 COMPLIANCE WITH WISCONSIN CONSUMER ACT REQUIRED. An association making a property improvement loan must comply with all applicable provisions of the Wisconsin consumer act.

S-L 17.05 ADDITIONAL SECURITY PERMITTED. An association may make a property improvement loan without requiring a mortgage or other security interest. However, to the extent that it is not inconsistent with the Wisconsin consumer act, nothing in this section shall prevent an association from taking a mortgage or other security interest to secure a property improvement loan.

S-L 17.07 LIMITATIONS ON PROPERTY IMPROVEMENT LOANS. (1) LOANS TO FURNISH OR EQUIP. A property improvement loan made to furnish or equip a structure may be made only to the structure's owner.

(2) LOANS TO OFFICERS, DIRECTORS OR EMPLOYEES. An association may not make a property improvement loan to an officer, director or employe of the association, unless the loan is made to repair, modernize, alter, furnish, equip or improve property owned and occupied by that person as a place of residence.

(3) ADDITIONAL JUDGMENT REQUIRED. The minimum requirements of this chapter are not a substitute for additional business judgment by an association. The commissioner may require that corrective action be taken when he determines that an association's property improvement lending practices or procedures are imprudent, even though individual loans may comply with this chapter.

S-L 17.09 DISCRETIONARY AUTHORITY OF THE COMMISSIONER. The commissioner may, for good and sufficient reasons, limit, restrict, or prohibit an association's property improvement lending activities.

SECTION 5. S-L 18.01 (2), (16), (19) and (20) of the administrative code are repealed and recreated to read:

S-L 18.01 (2) "Builder's lot" means a lot suitable for construction of a dwelling unit and purchased by a builder for the construction of one or more dwelling units thereon.

(16) "Personal lot" means a vacant lot suitable for the construction of a dwelling unit and purchased by an individual as a site for a personal residence.

(19) "Subdivision property" means a tract of land that is being developed into lots for primarily residential purposes.

(20) "Subdivision loan" means a loan made on the security of subdivision property, and includes a loan made to acquire the land to be developed.

SECTION 6. S-L 18.05 (2) (d) and (3) (intro) and (a) of the administrative code are amended to read:

S-L 18.05 (2) (d) A loan made on the security of a builder's lot may not exceed 60% 75% of the value of the lot.

(3) (intro) ~~Except for loans made on the security of builder's lots, -an~~ An association may make a loan in an amount up to 100% of the value of the real estate security if:

(a) That portion of the loan exceeding the maximum permitted under subsection (2) is fully covered by mortgage insurance or is fully secured by a combination of mortgage insurance and additional collateral provided under paragraph (c).

SECTION 7. S-L 18.06 of the administrative code is created to read:

S-L 18.06 ADDITIONAL LIMITATIONS ON MORTGAGE LOANS NOT SECURED BY FIRST LIENS. (1) DEFINITIONS. In this section:

(a) "First lien" includes any mortgage the priority of which is insured over any other lien or encumbrance by a title insurance policy issued to the mortgage lender.

(b) "Interim loan" means a loan that has an initial term of 6 months or less and is:

1. Secured by a mortgage on single family home-type property used as the borrower's primary residence; and

2. Made to provide temporary additional financing while the borrower is purchasing or constructing a new principle residence and is in the processing of selling his or her current residence.

(2) GENERAL LIMITATION. Except as provided in subsection (3), if the mortgage taken as security for a mortgage loan is not a first lien, the loan proceeds disbursed by the association may not exceed:

(a) The maximum amount that the association would be authorized to lend on the security of a first lien on the mortgaged property; minus

(b) The face amount of all other outstanding loans secured by the mortgaged property and any other unsatisfied liens against that property.

(3) EXCEPTION FOR INTERIM LOANS. In the case of an interim loan an association may disburse the amount authorized under subsection (2) plus the difference between the face amount of all outstanding loans secured by the mortgaged property and the current balance of those loans.

SECTION 8. S-L 18.09 (8) (a) of the administrative code is amended to read:

S-L 18.09 (8) (a) Loans with unpaid balances in excess of \$400,000 may not exceed 20% of an association's total assets.

SECTION 9. S-L 18.09 (8) (b) of the administrative code is repealed.

SECTION 10. S-L 18.09 (8) (c) of the administrative code is renumbered S-L 18.09 (8) (b).

SECTION 11. S-L 18.13 (1) of the administrative code is amended to read:

S-L 18.13 (1) The term of a ~~builder's~~ builder's lot loan secured by a builder's lot may not exceed 3 years, but may be extended for periods of one year or less in the manner provided in section S-L 18.07 (2) (b) of the code.

SECTION 12. CHAPTER S-L 23 of the administrative code is repealed and recreated to read:

CHAPTER S-L 23

MOBILE HOME FINANCING

S-L 23.01 DEFINITIONS. In this chapter:

(1) DEALER. "Dealer" means a person who is engaged in the business of selling mobile homes.

(2) INVESTOR. "Investor" means a person who owns a mobile home, but is not a dealer and does not occupy that mobile home as his or her primary or secondary residence.

(3) MOBILE HOME. "Mobile home" means a movable dwelling unit that is designed and constructed for permanent occupancy by a single family and contains permanent eating, cooking, sleeping and sanitary facilities. The term includes a modular unit in the possession of a dealer or a purchaser who will occupy the unit, provided the unit has not yet been assembled at a permanent site.

(4) MOBILE HOME LOAN. "Mobile home loan" means a loan made on the qualifying security of a mobile home.

(5) OUTSTANDING BALANCE. "Outstanding balance" means the unpaid balance of funds advanced.

S-L 23.02 REQUIREMENTS. (1) INITIAL REQUIREMENT. Before an association may begin to make mobile home loans the association's board of directors must adopt a comprehensive mobile home financing plan.

(2) CONTINUING REQUIREMENT. The association must continually review its mobile home lending practices to conform those practices to substantially the best available standards of underwriting, collateralization procedure, and documentation.

S-L 23.03 PORTFOLIO LIMITATIONS. (1) OVERALL LIMITATION. Without the prior written approval of the commissioner, the aggregate outstanding balance of an association's mobile home loans may not exceed 5% of the association's assets.

(2) LOANS TO ONE BORROWER. The aggregate outstanding balance of an association's mobile home loans made to any one borrower may not exceed 1% of the association's assets.

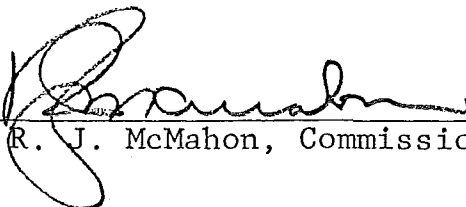
(3) AGGREGATE LOANS TO DEALERS. The aggregate outstanding balance of an association's mobile home loans to dealers may not exceed 3% of the association's assets.

(4) AGGREGATE LOANS TO INVESTORS. The aggregate outstanding balance of an association's mobile home loans to investors may not exceed 1% of the association's assets.

S-L 23.04 DISCRETIONARY AUTHORITY RETAINED BY THE COMMISSIONER. The commissioner may, for good and sufficient reasons, limit, restrict or prohibit investments by an association in any mobile home loans.

The rule changes contained in this order shall take effect on the first day of the month following its publication in the Wisconsin administrative register.

Dated: April 20, 1978 OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN



R. J. McMahon, Commissioner