



STATE OF WISCONSIN )

OFFICE OF COMMISSIONER OF SAVINGS AND LOAN )

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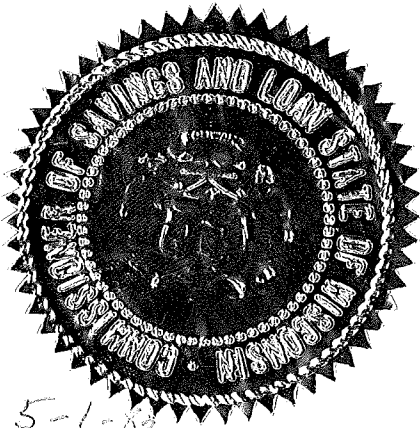
ORDER NO. 120

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. 120 relating to real estate investments by state chartered savings and loan associations, was duly approved and adopted by this office on March 9, 1982.

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 9th day of March, 1982.

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



5-1-82

ORDER OF THE  
OFFICE OF THE COMMISSIONER OF SAVINGS AND LOAN  
REPEALING AND RECREATING RULES

ORDER NO. 120

WHEREAS, the rules embodied by this order were submitted to the Legislative Council staff as required under section 227.029 of the Wisconsin Statutes; and

WHEREAS, in accordance with section 227.021 of the Wisconsin Statutes official notice of a hearing on the rules embodied by this order was published in the Wisconsin Administrative Register of October 31, 1981; and

WHEREAS, pursuant to that notice a public hearing was held on November 18, 1981, at which a draft of the attached rule was the topic of discussion; and

WHEREAS, following that hearing 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 December 15, 1981, the final draft of the rule was submitted to the presiding officers of the Senate and Assembly and was referred by those officers to the appropriate standing committee on December 16, 1981 and December 17, 1981, respectively, all in accordance with section 227.018 of the Wisconsin Statutes; and

WHEREAS, neither legislative standing committee has objected to any portion of the proposed rule and the time for so doing has expired;

Now, Therefore, pursuant to the authority vested in the Commissioner of Savings and Loan and the Savings and Loan Review Board by sections 215.02(7)(a) and 227.014(2)(a), Wisconsin Statutes, the Office of the Commissioner of Savings and Loan hereby adopts rules as follows:

ORDER OF THE OFFICE OF THE COMMISSIONER OF  
SAVINGS AND LOAN REPEALING AND RECREATING RULES

AN ORDER to repeal and recreate Chapter S-L 22 of the administrative code, relating to real estate investments by state chartered savings and loan associations.

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Analysis by the Office of the Commissioner of Savings and Loan

State chartered savings and loan associations are permitted under section 215.13(42) of the statutes to invest in real estate subject to the rules of the commissioner of savings and loan. Real estate investments by state chartered savings and loan associations are regulated under chapter S-L 22 of the Wisconsin Administrative Code. This rule revises that chapter of the administrative code. Changes made by the rule include the following:

1. The rule permits the commissioner of savings and loan to determine individually for each savings and loan association whether real estate investment will be permitted and the maximum amount of investment permitted. Under the prior rule associations were permitted to invest in real estate if their net worth exceeded 5% of savings capital and scheduled items did not exceed 3% of assets. Savings and loan associations were permitted to invest up to 5% of the association's assets in real estate if they qualified.

2. The rule removes any geographic limit on real estate investments and the type of real estate in which an investment may be made. Under the prior rule savings and loan associations could invest only in real estate which would be eligible as security for a mortgage loan and which was located within 100 miles of the home office of the association.

3. The rule requires that an association obtain from the commissioner a maximum aggregate limit on its real estate investments prior to investing in real estate. Under the prior rule savings and loan associations were required to submit to the commissioner of savings and loan prior to commencing a real estate investment project an appraisal report, current operating statement, feasibility study and an authorizing board resolution. No such submission is required under the rule, rather each savings and loan association is limited in its real estate investments to an amount not exceeding the aggregate limit set for the association by the commissioner.

4. The commissioner of savings and loan retains his authority under the rule to prohibit or limit a particular real estate project undertaken by a savings and loan association.

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Pursuant to the authority vested in the commissioner of savings and loan and the savings and loan review board by sections 215.02(7)(a), 215.13(42) and 227.014(2)(a), Stats., the office of the commissioner of savings and loan repeals and recreates rules interpreting sections 215.02(7)(a) and 215.13(42), Stats., as follows:

SECTION 1. Chapter S-L 22 of the administrative code is repealed and recreated to read:

CHAPTER 22

REAL ESTATE INVESTMENTS

S-L 22.01 DEFINITIONS. In this chapter:

(1) "Commissioner" means the commissioner of savings and loan.

(2) "Real estate investment" means an interest in real estate, including improvements to be made to the real estate purchased by a savings and loan association under s. 215.13(42), Stats.

S-L 22.02 REAL ESTATE INVESTMENTS LIMITED. (1) A savings and loan association may invest in a real estate investment if:

(a) The commissioner, prior to the making of the real estate investment, has set a limit on aggregate real estate investments by the savings and loan association; and

(b) The aggregate real estate investments of the savings and loan association after the real estate investment is made will not exceed the limit established under par. (a).

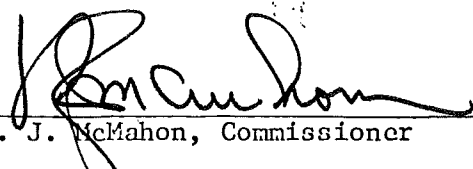
(2) This section does not apply to an investment in real estate permitted under s. 215.22 or 215.23, Stats.

S-L 22.03 RECORDS. Documentation evidencing and supporting a real estate investment shall be maintained in the savings and loan association's records for the life of the asset plus 2 years.

S-L 22.04 DISCRETIONARY AUTHORITY OF COMMISSIONER. The commissioner may, on an individual case basis, restrict, limit or prohibit a savings and loan association's investment in real estate.

SECTION 2. EFFECTIVE DATE. This order takes effect on the first day of the month following its publication in the Wisconsin administrative register.

Dated: March 9, 1982

  
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R. J. McMahon, Commissioner