

Chapter S-L 18

MORTGAGE LOANS

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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 subsection 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 5 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,

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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 dwellings or structures containing dwelling units for not more than 4 families thereon, and are pledged as security for loans to builders of homes.

**History:** Cr. Register, January, 1964, No. 97, eff. 2-1-64; r. and recr. (9). Register, April, 1964, No. 100, eff. 5-1-64.

**S-L 18.02 Maximum loan ratios to appraised values.** Except as otherwise provided in Wis. Adm. Code sections S-L 18.10 and S-L 18.11, 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 subsections 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 Wis. Adm. Code subsections S-L 18.01 (1) to (4), the maximum loan shall conform to the 80% loan limit prescribed in subsection 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 5 or more families, or structures used in part for residential purposes for 5 or more families and in part for business purposes as described in Wis. Adm. Code subsection S-L 18.01 (5) and (6), 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 Wis. Adm. Code subsection S-L 18.01 (7), 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 5 or more families, or a structure used in part for residential purposes for 5 or more families and in part for business purposes, as described in Wis. Adm. Code subsection S-L 18.01 (5) and (6), 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 Wis. Adm. Code subsection S-L 18.01 (7), 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 Wis. Adm. Code subsection S-L 18.13, 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 Wis. Adm. Code subsections S-L 18.01 (2) (a), (3) and (4), shall not exceed 60% of the appraised value of such lots as prescribed in subsection 215.21 (17), Wis. Stats.

**History:** Cr. Register, January, 1964, No. 97, eff. 2-1-64; r. and recr. (1) (c) and (2) (b), Register, April, 1964, No. 100, eff. 5-1-64.

**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 subsection 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 subsection 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 subsection 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 subsection 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 subsection 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 subsection 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 subsection 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 subsection 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 subsection 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 subsection 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 subsection 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 subsection 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 subsection 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 subsection 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 section 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.

**History:** Cr. Register, January, 1964, No. 97, eff. 2-1-64.