

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, or structures consisting of fraternity houses, sorority houses, with living accommodations for college students, or structures used principally for providing living accommodations for students, employes, or members of the staff of a college, university, other educational institution, or hospital; as described in Wis. Adm. Code, section 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 section 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 section 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 sections S-L 18.01 (2) (a), (3) and (4), shall not exceed 60% of the appraised value of such lots as prescribed in section 215.21 (17), Wis. Stats.

(5) **SPECIFIC RESERVES ON LOANS EXCEEDING AMOUNTS PERMITTED.** Any association granting a loan or loans in excess of the maximum amounts or ratios set forth in this section shall immediately set up a specific reserve for the excess amount loaned by a charge to its current earnings, and maintain such specific reserve until the unpaid balance of the loan reaches the maximum amount authorized. After the loan has been reduced to its maximum authorized level, the specific reserve shall be transferred to undivided profits or any other general reserve account as designated by the board of directors.

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; am. (2) (b), Register, January, 1966, No. 121, eff. 2-1-66; cr. (5), Register, November, 1966, No. 131, eff. 12-1-66.

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 section 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 section 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 section 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 section 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 section 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 section 215.21(15), Wis. Stats., consisting of the retained portion of those loans originated by the association and the participating interest in mortgage loans purchased from other lenders, shall not exceed 40% of the association's total assets. FHA or VA loans are excluded from this category.

(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 section 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 section 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 section 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 section 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 section 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 section 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 section 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 section 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; r. and recr. (3) (a), Register, October, 1966, No. 130, eff. 11-1-66.

