

(a) The association and the borrower must enter into a written agreement governing the release of individual lots from the association's security interest.

(b) No portion of the qualifying real estate security may be released unless:

1. The association has obtained an appraisal that individually sets forth the value of each developed lot and of any qualifying security remaining to be developed; and

2. The ratio of the unpaid balance of the association's loan to the value of the remaining real estate security will not exceed the applicable maximum loan to value ratio under s. S-L 18.05 of the code.

History: Cr. Register, June, 1979, No. 282, eff. 7-1-79; renum. from S-L 18.14 and am. (1)(intro.) and (2)(a), Register, April, 1982, No. 316, eff. 5-1-82.

S-L 18.13 Loan transactions with associations. An association may, under s. 215.13(21) and (22), Stats., purchase from or sell to another association loans or interest in loans.

History: Cr. Register, April, 1982, No. 316, eff. 5-1-82.

S-L 18.15 Appraisals. (1) **APPROVED APPRAISERS.** (a) Any appraisal of real estate securing loans described in s. 215.21, Stats., may be performed only by an individual who the board of directors of the association has a reasonable basis to believe is qualified to make appraisals upon which the association may rely. An association may not accept an appraisal pertaining to loans described in s. 215.21, Stats., unless the association's board of directors has by resolution approved the qualifications of the appraiser to appraise the type of property securing the particular loan and has authorized him or her to make appraisals on the association's behalf. Appraisals of real estate securing loans described in s. 215.21, Stats., may not be made by an appraisal committee of the lending association.

(b) An association may not accept an appraisal made by or at the direction of:

1. Any person having interest in the real estate appraised; or

2. Any person whose compensation is in any way affected by approval or denial of the loan.

(2) **APPRAISAL REPORTS; CONTENTS.** Each appraisal report must be in writing signed by the appraiser. If an appraisal is made by an appraisal committee, the report must be signed by all committee members participating in the appraisal. No committee member may participate in an appraisal unless he has personally inspected the property. An appraisal report must contain such supporting information as is necessary to establish the reasonable market value of the property.

(3) **INDEPENDENT REAPPRAISALS AND DESIGNATION OF INDEPENDENT APPRAISERS AT THE DIRECTION OF THE COMMISSIONER.** (a) If the commissioner has probable cause to believe that an association's appraisals may not reasonably reflect the value of the property securing its loans or that the association's appraisal reports or procedures are such that the value of the security cannot be adequately determined, he may require reappraisals to be made by independent appraisers designated by the commissioner.

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(b) Appraisals required under this subsection shall be at the expense of the association.

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76; renum. from S-L 18.23, Register, April, 1982, No. 316, eff. 5-1-82; am. (1) (a), Register, November, 1986, No. 371, eff. 12-1-86.

S-L 18.17 Under-secured loans. (1) REMEDIAL ACTION REQUIRED. If the commissioner determines that, as a result of events occurring after a mortgage has been made, the current market value of security for a mortgage loan is less than the outstanding balance of the loan, the association shall, at the direction of the commissioner:

(a) Reduce the book value of the loan to the current market value of the security; or

(b) Establish a valuation reserve reflecting the difference between the outstanding balance of the loan and the current market value of the security; or

(c) Provide additional collateral of the kind described in s. S-L 18.05 (4) (c) or such other additional collateral which is acceptable to the commissioner.

(2) **NATURE OF VALUATION RESERVES.** A valuation reserve established under this section may be funded by a charge to legal reserves, undivided profits, or current earnings, but may not be included as part of the association's net worth.

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76; renum. from S-L 18.31 and am. (1)(c), Register, April, 1982, No. 316, eff. 5-1-82; am. (1) (c), Register, February, 1983, No. 326, eff. 3-1-83.

S-L 18.19 Participation loans; documentation. Each participation loan shall be evidenced by an agreement which establishes the terms of the participation, including the manner of sharing any losses which may occur and which is executed by the participation originator and purchaser.

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76; r. and recr., Register, April, 1982, No. 316, eff. 5-1-82.

S-L 18.20 Discretionary authority retained by the commissioner. The commissioner may, for good and sufficient reasons, limit, restrict or prohibit investments by an association in any type, category or classification of loan governed by this chapter.

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76; renum. from S-L 18.33, Register, April, 1982, No. 316, eff. 5-1-82.