

## Chapter SB 8

## FAIRNESS IN LENDING

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**SB 8.01 Purpose.** (ss. 138.20 and 214.715 (1) (a), Stats.) The purpose of this chapter is to require savings banks to provide each applicant an equal opportunity to obtain a loan by evaluating the applicant's creditworthiness on an individual basis without referring to presumed characteristics of an applicant, a group or a neighborhood.

History: Cr. Register, February, 1994, No. 458, eff. 3-1-94.

**SB 8.02 Certain underwriting practices prohibited.** Unless required by state or federal law, including ch. 766, Stats., or by state rules or federal regulations, no savings bank may utilize an underwriting practice that does any of the following:

(1) Fails to consider all of the regular and dependable income of each person who will become obligated for payment of the debt.

(2) Varies the terms or criteria of the extension of credit on the basis of the child-bearing capacity of an applicant or an applicant's spouse.

(3) Utilizes lending standards that have no economic basis and are discriminatory in effect.

History: Cr. Register, February, 1994, No. 458, eff. 3-1-94.

**SB 8.03 Discrimination prohibited.** (s. 138.20, Stats.) (1) **PROHIBITED BASES OF DISCRIMINATION.** No savings bank may, on the grounds of an applicant's physical condition, developmental disability as defined in s. 51.01 (5), Stats., sex, marital status, race, color, creed, national origin, religion or ancestry:

(a) Deny a person any form of loan or credit service.

(b) Provide a person with any loan or credit service which is different from, or is provided in a different manner than, that provided other persons similarly situated.

(2) **DISCRIMINATION BY LOCATION OF SECURITY.** No savings bank may deny or vary the terms of a written loan application on the grounds that the real estate proposed as security for a mortgage loan is located within a given geographic area.

(3) **ENFORCEMENT.** In the enforcement of this section, the commissioner shall consider business judgments made to achieve genuine business, economic or social policy needs, including:

(a) Diversification of a savings bank's investment portfolio.

(b) Operating within the scope of a savings bank's lending experience.

(c) Requiring that the terms of a mortgage loan be such that the amortization of the debt is not less than any reasonably anticipated decline in the value of real property securing the loan.

(d) Complying with state or federal laws or the rules or regulations of a state or federal agency.

History: Cr. Register, February, 1994, No. 458, eff. 3-1-94.

**SB 8.04 Right to submit loan applications.** No savings bank may deny an individual an opportunity to submit a written loan application except:

(1) A savings bank may require the application to be accompanied by a loan application fee, when such a fee is charged by the savings bank in the regular course of business.

(2) A savings bank may require the application to be on a form prepared by the savings bank or accepted by the savings bank for its use.

(3) A savings bank may require an application for a purchase money mortgage to be accompanied by the applicant's accepted offer to purchase the subject property.

(4) A savings bank is not required to accept a loan application for a type of loan which the savings bank does not extend.

History: Cr. Register, February, 1994, No. 458, eff. 3-1-94.

**SB 8.05 Written notice to borrower required for denial of loan applications.** There shall be a presumption of discrimination, in violation of s. SB 8.03, if a loan application is rejected or the loan commitment contains terms other than those originally applied for and the reason for the rejection or modification is not indicated to the applicant in writing. This section does not apply if notice of denial is given under federal law.

History: Cr. Register, February, 1994, No. 458, eff. 3-1-94.

**SB 8.06 Fairness in lending notice.** Each savings bank shall maintain in a conspicuous place in each of its offices, for free distribution to the public, a notice adequately describing the savings bank's obligations under this chapter to persons who apply or wish to apply for loans. The form and content of the notice shall be prescribed or approved by the commissioner.

History: Cr. Register, February, 1994, No. 458, eff. 3-1-94.