

Clearinghouse Rule 98-004



State of Wisconsin
Department of Financial Institutions

Tommy G. Thompson, Governor

Richard L. Dean, Secretary

STATE OF WISCONSIN)
)
DIVISION OF SAVINGS INSTITUTIONS) ss.

CERTIFICATE

I, Thomas M. Boykoff, Administrator of the Division of Savings Institutions in the Department of Financial Institutions, do hereby certify that the annexed rule, relating to creating an exception for savings and loan associations to the 10% down payment requirement for a mortgage loan made to meet the objective of the federal Community Reinvestment Act, was duly approved by me on June 2, 1998.

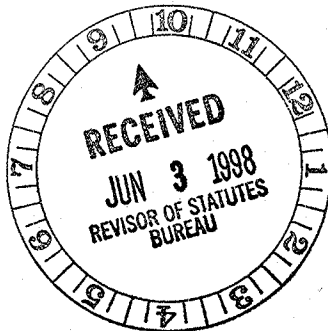
This rule shall become effective on the first day of the month following its publication in the Wisconsin Administrative Register, pursuant to s.227.22(2)(intro.), Stats.

I further certify that this copy of the rule has been compared by me with the original on file in this Division and that it is a true copy of the whole original.

Signed and sealed in Madison, Wisconsin
this 2nd day of June, 1998.

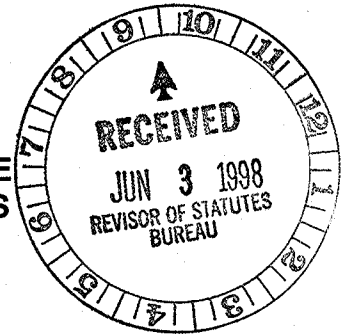
Thomas M. Boykoff

Thomas M. Boykoff, Administrator



8-1-98 98-004

**ORDER OF THE
DIVISION OF SAVINGS INSTITUTIONS IN THE
DEPARTMENT OF FINANCIAL INSTITUTIONS
AMENDING AND ADOPTING RULES**



The Division of Savings Institutions in the Department of Financial Institutions adopts an order to renumber s. S-L 13.03 and to adopt s. DFI-SL 13.03(3)(d)6, relating to creating an exception for savings and loan associations to the 10% down payment requirement for a mortgage loan made to meet the objectives of the federal Community Reinvestment Act.

**Analysis Prepared by the Division of Savings Institution
in the Department of Financial Institutions**

Statutory authority: s. 215.02(7)(a), Stats.

Statute interpreted: s. 215.03(7)(a), Stats.

As a general requirement for savings and loan associations ("S&Ls"), an applicant for a mortgage loan to purchase a personal residence must make a down payment of at least 10% of the appraised value of the real estate that is to be the security for the loan. There are currently five exceptions to this general requirement. A sixth exception is created by this rule. Under this rule, a mortgage loan up to 100% of the value of the real estate security may be made by a savings and loan association with the written approval of the division, if the loan is to meet the objectives of the federal Community Reinvestment Act of 1977. (This exception currently exists for mortgage loans made by savings banks; see s. DFI-SB 13.02(3)(d).)

Fiscal estimate. This rule will have no fiscal impact on the Division of Savings Institutions in the Department of Financial Institutions. The review of S&Ls' taking advantage of this of this exception will be done with existing personnel and resources as part of routine examinations of S&Ls.

Small business flexibility statement. This rule will provide an exception for all S&Ls - including S&Ls covered in the definition of "small business" under s.227.114(1)(a), Stats. from requiring at least a 10% down payment for a mortgage loan. The rule allows a loan up to 100% of the real estate security if the loan is to meet the objectives of the federal Community Reinvestment Act. Exempting small businesses from this rule would be contrary to this objective and not in the best interests of the public.

Pursuant to the authority of the Division of Savings Institutions in the Department of Financial Institutions under s.215.03(7)(a), Stats., the division renumbers s. S-L 13.03 to DFI-SL13.03 and adopts s. DFI-SL 13.03(3)(d)6, relating to creating an exception to the required 90% down payment or private mortgage insurance rule for loans made to comply with the federal Community Reinvestment Act, as set forth in the attached draft.

Date: June 2, 1998


Thomas M. Boykoff, Administrator

Attachments (2)

SAVINGS AND LOAN ASSOCIATION RULE

**AN EXCEPTION TO THE RULE REQUIRING
10% DOWN PAYMENT FOR MORTGAGE LOANS
WHEN LOANS ARE MADE TO MEET THE OBJECTIVES OF THE FEDERAL
COMMUNITY REINVESTMENT ACT**

SECTION 1. S-L 13.03 is renumbered DFI-SL 13.03.

SECTION 2. DFI-SL 13.03(3)(d)6. is created to read:

DFI-SL 13.03(3)(d)6. The loan is to meet the objectives of 12USC 2109ff. with the prior written approval of the division.

NOTES: (A) The exception which this rule creates for savings and loan associations is identical to the exception allowed savings banks in s. DFI-SB 13.02(3)(d)6.

(B) "DFI-SL" will prefix the numbers of all savings and loan association administrative rules (currently prefixed "S-L") to reflect the merger of the agency regulating savings and loan associations into the department of financial institutions as the division of savings institutions, effective July 1, 1996.

(C) 12 USC 2109ff. is the citation to the federal community reinvestment act of 1977.

Notes (A) and (B) are intended for readers while this draft is a proposed rule. Note(C) is intended to be placed in the Administrative Code.

SECTION 3. EFFECTIVE DATE. Under s. 227.22 (2), Stats., this rule takes effect on the first day of the month following its publication in the Wisconsin Administrative Register.

TMB 6/2/98

ORIGINAL UPDATED

LRB or Bill No./Adm. Rule No.
Adm. Rule s. DFI-SL
13.03(3)(d)6

Amendment No. if Applicable

FISCAL ESTIMATE

DOA-2048 N(R10/96)

CORRECTED SUPPLEMENTAL

Subject Creating an exception for savings and loan associations to the 10% down payment requirement for a mortgage loan which is made to meet the objectives of the federal Community Reinvestment Act

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation Increase Existing Revenues
- Decrease Existing Appropriation Decrease Existing Revenues
- Create New Appropriation

Decrease Costs

Local: No local government costs

- 1. Increase Costs
 - Permissive Mandatory
- 2. Decrease Costs
 - Permissive Mandatory

- 3. Increase Revenues
 - Permissive Mandatory
- 4. Decrease Revenues
 - Permissive Mandatory

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 - Counties Others _____
 - School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

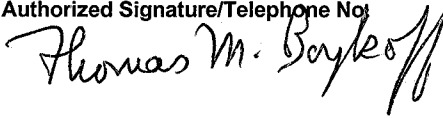
None

Assumptions Used in Arriving at Fiscal Estimate

This rule will have no fiscal impact on the Division of Savings Institutions in the Department of Financial Institutions. The use of this exception to the general rule by savings and loan associations will be reviewed by Division examiners during regularly conducted safety and soundness examinations.

Long Range Fiscal Implications None

Agency/Prepared by: (Name & Phone No.)
Thomas M. Boykoff, Administrator, Division of
Savings Institutions, Department of Financial
Institutions (Phone: 261-4338)

Authorized Signature/Telephone No.


Date
June 2, 1998



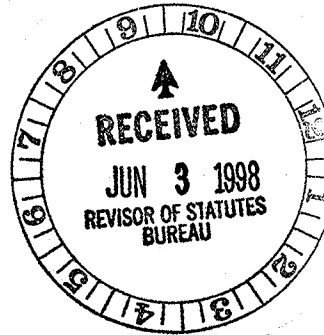
State of Wisconsin
Department of Financial Institutions

Tommy G. Thompson, **Governor**

Richard L. Dean, **Secretary**

June 2, 1998

Mr. Bruce Munson
Revisor of Statutes
131 W. Wilson Street, 9th Floor
Madison, WI 53702



Mr. Douglas J. LaFollette
Secretary of State
30 W. Mifflin Street, 9th Floor
Madison, WI 53702

Gentlemen:

Pursuant to s. 227.20(1), Stats., enclosed is a certified copy of an administrative rule adopted by the Division of Savings Institutions in the Department of Financial Institutions and a "Certificate", "Order" and fiscal estimate relating to it.

This rule is Clearinghouse Rule 98-004, relating to creating an exception for savings and loan associations to the 10% down payment requirement for a mortgage loan made to meet the objectives of the federal Community Reinvestment Act.

If you have any questions, please feel free to telephone me at 261-4338.

Sincerely,

Thomas M. Boykoff
Administrator

Enclosures

cc: Mr. David Anderson, Executive Assistant
Department of Financial Institutions

