

CHAPTER 2675
DEPARTMENT OF COMMERCE
LOANS, INVESTMENTS, AND PROCEDURES

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2675.6100 BOOKS, RECORDS, AND REPORTS.

[For text of subs 2 to 5a, see M R]

Subp 5b **Inactive accounts.** If the board determines that an account is inactive and identifies the account by code or some other means, it must be issued a statement at least annually. Statements on inactive accounts must be issued under the control of the supervisory committee

[For text of subp 5c, see M.R.]

Subp. 6 **Issuing account numbers.** A number as determined by the board of directors in a predetermined set pattern must be assigned to each member upon election to membership and that number may never be reissued to another member. Each member's assigned number must appear on the member's individual record of accounts for shares, deposits, and loans

Statutory Authority: *MS s 45 023; 46 01*

History: *18 SR 1472*

2675.6120 OTHER REAL ESTATE.

Subpart 1 **Transfers.** Whenever real estate is acquired by a credit union through foreclosure or by deed in lieu of foreclosure, it must be transferred from loans to an account titled "Other Real Estate" on the date of sheriff's certificate or other conveyance

[For text of subs 2 to 4, see M R.]

Subp. 5 [Repealed, 18 SR 1472]

Subp. 6 **Unsold other real estate.** Other real estate that is not sold must be charged off annually through earnings at the rate of at least ten percent of the original amount. The charge-off period begins at the end of the redemption period if the other real estate was acquired through foreclosure or on the date of the deed if the other real estate was acquired via a deed in lieu of foreclosure. The first charge off shall be prorated based upon the number of full months in the first year since the charge-off period began

Statutory Authority: *MS s 45 023; 46.01*

History: *18 SR 1472*

2675.6141 REAL ESTATE MORTGAGES.

Subpart 1 **Loans.** Credit unions may make loans upon the security of real estate if it is a first lien on the real estate. Additionally, credit unions may take a junior lien if the loan is made:

- A to secure debts previously contracted,
- B if at least 80 percent of the principal balance is guaranteed or insured by a governmental agency or nationally recognized insurer, or

C to secure a loan if the total unpaid aggregate of all outstanding liens against the same real estate, including the credit union's proposed lien, does not exceed 80 percent of its appraised value. A loan made under Minnesota Statutes, section 52 165, is deemed to comply with this part if it was in compliance at the date of its origination.

Subp 1a. **Written policy.** A credit union taking a lien on real estate as security must maintain a written policy approved annually by its board of directors which at a minimum addresses.

A written appraisal or valuation reports made in conjunction with federal, state, and board requirements,

B description of fee title, validity of the credit union's lien, position of the lien, and documentation of methods used to make these determinations,

C evidence of adequate insurance with loss payable clause payable to the credit union, and

D exemption of documentation requirements, for any single loan or class of loans, if the loan documents reflect that the lien has been taken as collateral solely through an abundance of caution and where the terms of the transaction as a consequence have not been made more favorable than they would have been in the absence of a lien

Subp 2 [Repealed, 18 SR 1472]

Subp 3. [Repealed, 18 SR 1472]

Subp 4. [Repealed, 18 SR 1472]

Subp 5. [Repealed, 18 SR 1472]

Subp 6 [Repealed, 18 SR 1472]

Statutory Authority: *MS s 45 023, 46.01*

History: *18 SR 1472*

2675.6142 LOANS.

Subpart 1 **Fees.** As specified by board resolution, a credit union may require members to pay fees in connection with the making, closing, disbursing, extending, readjusting, or renewing of any loan. The board resolution establishing the fees to be retained by the credit union must be conspicuously posted at the principal office of the credit union for so long as the fees are in effect.

Subp. 1a. **Other charges.** The borrower may be charged, or included in the amount financed, the premium on any life, accident and health, property, or other insurance written upon or in connection with a loan if notification is given in writing that the borrower has the option of furnishing this coverage through existing policies of insurance owned or controlled by the borrower or furnishing the coverage through any insurer authorized to transact business in this state. The premium may not be included as part of the loan and must be accounted for as a separate receivable unless advanced as part of the principal at the time of origination or payments are increased to provide amortization of the premium within the original maturity of the loan.

Subp 2. [Repealed, 18 SR 1472]

Subp 3 **Written policy.** A written loan policy is required to be reviewed and approved annually by the board. A detailed description of the frequency and depth of financial review of various classes of loans must be included in the policy.

Statutory Authority: *MS s 45 023, 46 01*

History: *18 SR 1472*

2675.6143 DELINQUENT LOANS.

[For text of subs 1 to 3, see M R.]

Subp 4 **Delinquent loan report.** Each credit union board will develop and implement a program to ensure that the board is kept informed on the status of delinquent loans and collection actions monthly.

Subp 5 [Repealed, 18 SR 1472]

Subp 5a **Loan reserve requirements and dividends.** Before declaration of a dividend, the board of directors shall ascertain that

A the allowance for a loan losses account is funded as determined by the board's internal risk rating system to present fairly the financial position and meet the requirements of the agreement for insurance of accounts, and

B that statutory reserve transfers are made in accordance with statute

Notification to the commissioner of commerce of dividends paid will be required if the dividends paid exceed earnings for the period declared. Accrual accounting adjustments may be made for those credit unions operating on a cash, modified cash, or partial accrual account basis.

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[For text of subp 6, see M.R.]

Statutory Authority: *MS s 45 023; 46.01*

History: *18 SR 1472*

2675.6200 [Repealed, 18 SR 1472]

2675.6250 FIDELITY BONDS.

[For text of subpart 1, see M.R.]

Subp. 3 **Minimum provisions.** The board of directors shall at least once a year approve the amount of fidelity insurance to be carried for the ensuing year.

Statutory Authority: *MS s 45.023; 46 01*

History: *18 SR 1472*

2675.6260 [Repealed, 18 SR 1472]

2675.6301 [Repealed, 18 SR 1472]