

**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.

Subp. 2. **Repair and restoration costs.** Costs of repairs and costs of restoration of the property may not be added to the real estate account, unless the expenditures are for permanent improvements. Taxes delinquent when title is acquired may, when paid by the credit union, be added to the book value of the property.

Subp. 3. **Additions to book value.** Additions to book value may not be made after the date of sale in cases of foreclosure except as noted in subpart 2. If a deed is taken in lieu of foreclosure, real estate must be carried at a figure not exceeding the balance due on the mortgage, plus delinquent taxes and assessments paid by the credit union at the time of acquiring title.

Subp. 4. **Sale of other real estate.** A credit union may finance the sale of other real estate or credit union premises under the terms and conditions available to any seller or owner of real property. A profit on the sale of other real estate sold on contract is considered deferred profit and must be held in reserve to be realized after two consecutive years of contracted payments have been made.

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 [Repealed, 18 SR 1472]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:** *9 SR 2105; 18 SR 1472*

**Published Electronically:** *September 14, 2007*