

2675.6143 DELINQUENT LOANS.

Subpart 1. **Installment loans.** A note due on a monthly installment basis must be scheduled for delinquency. The whole principal balance is considered past due if any portion of an installment remains unpaid 60 days after the scheduled payment date. Delinquent loans must be shown by categories coded as follows:

- A. 60 days to 180 days, code A;
- B. 181 days to 364 days, code B; and
- C. 365 days or more, code C.

Subp. 2. **Single payment loans.** A single payment loan is considered past due the next day after maturity and must be coded past due from that date according to the schedule in subpart 1.

Subp. 3. **Extensions.** A loan is not considered current by extension unless accrued interest has been paid to the date of extension. Special consideration for unusual circumstances affecting the general membership may be permitted by a detailed application to the Department of Commerce.

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 [Repealed, 18 SR 1472]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.

Subp. 6. **Interest earned not collected.** Interest earned not collected reflected on a credit union's books under the accrual method of accounting may not be continued on a loan which is more than 90 days delinquent. Accrued interest must be reversed to earnings or undivided profits at the time a loan is charged off to the statutory reserve fund or at the time an allowance for loan losses is established.

Statutory Authority: *MS s 45.023; 46.01*

History: *9 SR 2105; 18 SR 1472*

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