

**2675.3120 OTHER REAL ESTATE.**

When real estate is acquired through foreclosure or by deed in lieu thereof, it shall be transferred to an account entitled "other real estate" on the date the association actually acquires title.

"Other real estate" cannot be entered on the books of an association at an amount greater than the balance of the principal amount of the loan at the time of acquisition, plus foreclosure costs and delinquent taxes and assessments paid at time of acquisition.

A separate record of each parcel shall be kept which will show among other things the legal description, the balance due on the principal debt, the cost of foreclosure, delinquent taxes, or other costs of acquisition, subsequent additions, if any, charge-offs, and final disposition.

No cost of repairs or cost of restoration of property may be added to the real estate account except such expenditures as represent permanent improvements.

No additions to book value may be made after the date of sale in cases of foreclosure, except as noted in the previous sentence. If deed is taken in lieu of foreclosure, real estate must be carried at a figure not exceeding the balance due on the mortgage, plus taxes and assessments paid by the association other than taxes which were current when deed was obtained.

When "other real estate" is sold on a contract for deed, the parcel involved shall be transferred to an account entitled "real estate contracts."

When sales are made at prices in advance of the book value of real estate, the profit involved shall be considered a deferred profit and held in a reserve account and only credited to actual profits after 33-1/3 percent of the purchase price has been paid on the contract, excluding interest payments.

**Statutory Authority:** *MS s 51A.42*

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