

1 Department of Commerce

2

3 Adopted Permanent Rules Relating to Credit Unions

4

5 Rules as Adopted

6 2675.6100 BOOKS, RECORDS, AND REPORTS.

7 [For text of subps 2 to 5a, see M.R.]

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

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

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

20 2675.6120 OTHER REAL ESTATE.

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

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

27 Subp. 5. [See repealer.]

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

1 since the charge-off period began.

2 2675.6141 REAL ESTATE MORTGAGES.

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

7 A. to secure debts previously contracted;

8 B. if at least 80 percent of the principal balance is
9 guaranteed or insured by a governmental agency or nationally
10 recognized insurer; or

11 C. to secure a loan if the total unpaid aggregate of
12 all outstanding liens against the same real estate, including
13 the credit union's proposed lien, does not exceed 80 percent of
14 its appraised value. A loan made under Minnesota Statutes,
15 section 52.165, is deemed to comply with this part if it was in
16 compliance at the date of its origination.

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

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

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

25 C. evidence of adequate insurance with loss payable
26 clause payable to the credit union; and

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

33 Subp. 2. [See repealer.]

34 Subp. 3. [See repealer.]

35 Subp. 4. [See repealer.]

1 Subp. 5. [See repealer.]

2 Subp. 6. [See repealer.]

3 2675.6142 LOANS.

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

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

24 Subp. 2. [See repealer.]

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

30 2675.6143 DELINQUENT LOANS.

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

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

1 Subp. 5. [See repealer.]

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

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

9 B. that statutory reserve transfers are made in
10 accordance with statute.

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

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

17 2675.6250 FIDELITY BONDS.

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

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

22 REPEALER. Minnesota Rules, parts 2675.6120, subpart 5;
23 2675.6141, subparts 2, 3, 4, 5, and 6; 2675.6142, subpart 2;
24 2675.6143, subpart 5; 2675.6200; 2675.6260; and 2675.6301, are
25 repealed.