

Chapter CU 54

REAL ESTATE MORTGAGES IN CREDIT UNIONS

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**CU 54.01 Limitation on real estate mortgages.** Any credit union whose assets are in excess of \$500,000 may invest in real estate mortgage loans to members out of surplus funds only, subject to the following restrictions:

(1) The maximum individual loan shall be in ratio to total assets:

(a) Total assets of \$500,000 to \$750,000—Maximum Loan—\$12,500;

(b) Total assets of \$750,000 to \$1,000,000—Maximum Loan—\$15,000;

(c) Total assets of \$1,000,000 to \$1,500,000—Maximum Loan—\$20,000;

(d) Total assets of \$1,500,000 to \$2,000,000—Maximum Loan—\$25,000;

(e) Total assets of \$2,000,000 to \$3,000,000—Maximum Loan—\$30,000;

(f) Total assets of \$3,000,000 to \$4,000,000—Maximum Loan—\$35,000;

(g) Total assets of \$4,000,000 to \$5,000,000—Maximum Loan—\$40,000;

(h) Total assets of \$5,000,000 or over—Maximum Loan—\$50,000.

(2) The total aggregate of real estate mortgage loans shall not exceed:

(a) Total assets of \$500,000 to \$750,000—42½% of total assets;

(b) Total assets of \$750,000 to \$1,000,000—45% of total assets;

(c) Total assets of \$1,000,000 and over—50% of total assets.

(3) (a) All mortgage loans shall be limited in amount to a maximum of 70% of the appraised value, but shall not exclude premium for life insurance secured for the amount loaned.

(b) Credit unions with assets of \$1,000,000 or more may grant real estate mortgage loans within the limits of subsections (1) and (2) and in excess of 70% of the appraised value of the mortgaged property, but not more than 90% of the appraised value of the mortgaged property, provided this excess is insured by a private commercial mortgage guaranty insurance company.

(4) Such loans shall be made on improved real estate which is situated within the boundaries of the state of Wisconsin, or within a radius of 25 miles from the credit union office.

(5) (a) No real estate mortgage shall be made for a period in excess of 25 years and, at the discretion of the board of directors it may be amortized monthly by payments of principal and interest;

(b) A credit union may use an interest rate escalator clause to permit the credit union to increase or decrease the mortgage loan note interest rate within the amortization period of the real estate mortgage loan.

(6) A credit union may grant 2 real estate mortgage loans to any one member provided each real estate mortgage loan shall be within the limits of subsection (1). In the case of multiple unit properties, the requirements shall be the same as for single units.

(7) At the discretion of the board of directors, a credit union may grant real estate mortgage loans to its members for the purchase of a condominium. Such loans shall be considered the same as other real estate mortgage loans and must satisfy the requirements of chapter CU 54.

**History:** 1-2-56; am. (6), Register, January, 1960, No. 49, eff. 2-1-60; cr. (6), Register, May, 1962, No. 77, eff. 6-1-62; am. (1) (f), and cr. (1) (g), Register, December, 1966, No. 132, eff. 1-1-67; am. (6), Register, January, 1968, No. 145, eff. 2-1-68; am. (1) (g), cr. (h) and (i); renum. (3) to be (3) (a) and cr. (b); renum. (5) to be (5) (a) and am; cr. (b), Register, August, 1971, No. 188, eff. 9-1-71; renum. from Bkg 54.01 to be CU 54.01; am. (5), Register, August, 1972, No. 200, eff. 9-1-72; am. (6) and cr. (7), Register, July, 1973, No. 211, eff. 8-1-73; am. (intro. par.), (1), (2) and (5) (a), Register, May, 1975, No. 233, eff. 6-1-75.

**CU 54.02 Monthly payment to include tax and insurance. (1)** Each member shall, in addition to the required monthly payment, deposit with the credit union each month, a sum equal to 1/12 of the estimated annual tax plus 1/12 of the annual insurance premiums. Such deposits may receive interest payable at a rate not to exceed the maximum dividend rate paid on regular member passbook share accounts during that same period.

(2) A credit union may apply such receipts for insurance and taxes at the time of receipt as a reduction of the principal amount due on the real estate mortgage loan with the provision that the credit union will advance such funds for the payment of taxes and insurance when such payments become due and the amount of such payments shall then be added to the principal amount of the respective real estate loan.

(3) At the discretion of the board of directors, a credit union may require either subsections (1) or (2) or a combination of both for the accumulation of moneys for the payment of insurance and taxes.

(4) Providing authority to do so is contained in the credit union corporate minutes, the board of directors shall have discretionary authority of requiring or not requiring escrow accumulations by the member-borrower of monies necessary to pay the annual real estate taxes and annual insurance premiums on real estate mortgage loans secured from the credit union.

(5) Unless the real estate mortgage loan is in foreclosure by the credit union, the credit union may not charge the real estate mortgage loan for the payment of real estate taxes and insurance premiums in