

Chapter DFI-CU 61

CREDIT UNION PURCHASE OR ACQUISITION OF INTERESTS IN CREDIT SALES TRANSACTIONS

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Note: Chapter CU 61 was renumbered chapter DFI-CU 61 under s. 13.93 (2m) (b) 1., Stats., and corrections made under s. 13.93 (2m) (b) 6. and 7., Stats., Register, October, 1997, No. 502.

DFI-CU 61.01 Limitations. Subject to the following minimum requirements, credit unions with assets of \$1,000,000 or more may purchase or acquire interests in credit sales transactions entered into by their members. Credit unions with assets of less than \$1,000,000 may do so only with the prior, written approval of the director.

History: Cr. Register, August, 1972, No. 200, eff. 9-1-72; r. (2), Register, July, 1973, No. 211, eff. 8-1-73; 2013 Wis. Act 277: renum. (1) to 61.01 and am. Register May 2014 No. 701, eff. 6-1-14.

DFI-CU 61.02 Interest rates. (1) The maximum interest rate (finance charge) chargeable to the member-borrower by a seller in a credit sales transaction involving a credit union shall not exceed that permitted by s. 422.201, Stats. In such transactions, neither the seller nor the credit union, in the aggregate, may directly benefit by interest charges, including “Time Price Differential”, processing or service fees by an amount in excess of that permitted by s. 422.201, Stats.

(2) The interest rate or finance charges in credit sales transactions and on all loans shall be calculated and applied on a simple interest basis on the unpaid balance. “Add-on” or “Discount” interest rates on purchased interests in these transactions and on other credit union loans are not permitted.

History: Cr. Register, August, 1972, No. 200, eff. 9-1-72; corrections in (1) made under s. 13.93 (2m) (b) 7., Stats., Register, September, 1993, No. 453; 2013 Wis. Act 277: am. (1), (2) Register May 2014 No. 701, eff. 6-1-14.

DFI-CU 61.03 Sharing of interest. (1) Subject to the discretion of the board of directors a portion of interest charges (finance charges) on purchased interests in credit sales transactions may be shared by the credit union with the seller subject, however, to s. DFI-CU 61.02.

(2) When interest income (finance charges) is shared with the seller, on interests in credit sales transactions purchased with recourse, the credit union shall establish as a liability on its records, a dealer reserve. This reserve shall be adjusted and negotiated with the seller at least annually on the basis of the interest which has been accrued or earned.

(3) On interests in credit sales transactions purchased without recourse, the shared interest (finance charges) paid to the seller must be set up as a deferred charge and applied at least semi-annually to the income received on those interests.

History: Cr. Register, August, 1972, No. 200, eff. 9-1-72; 2013 Wis. Act 277: am. (1), (2), (3) Register May 2014 No. 701, eff. 6-1-14.

DFI-CU 61.04 Dealer financial statements. Credit unions purchasing member interests in credit sales transactions made with recourse must secure annual sworn financial statements from each participating seller until the purchased interests have been paid. These sworn financial statements are to be retained by the credit union for review by departmental examiners.

History: Cr. Register, August, 1972, No. 200, eff. 9-1-72; 2013 Wis. Act 277: am. Register May 2014 No. 701, eff. 6-1-14.