

§855. Real estate mortgage loans

1. Limitations. A credit union may make loans to its members secured by a mortgage on real estate located within this State, subject to the following conditions and limitations.

A. The total liability of any member upon loans within this section shall be as established in section 854, subsection 1. [PL 1985, c. 94 (RPR).]

B. No loan made pursuant to this section may exceed 90% of the appraised value of the property mortgage, as determined by the credit committee. Loans pursuant to this section may be made in an amount not exceeding 100% of the appraised value of the mortgage property if at least the top 20% of the loan is insured by a mortgage guarantee insurer licensed to do business in this State or if the loan is insured or guaranteed by the Federal Housing Administration or any other state or federal agency. [PL 1985, c. 94 (RPR).]

C. The note or other obligation evidencing a first mortgage loan shall require monthly payment of the interest and principal thereon sufficient to repay the entire loan within a period not exceeding 30 years, except that this provision does not apply to real estate loans insured by the Federal Housing Administration. [PL 1985, c. 94 (NEW).]

D. The note or other obligation evidencing a loan other than a first mortgage loan shall require monthly payment of the interest and principal thereon sufficient to repay the entire loan within a period not exceeding 15 years. [PL 1985, c. 94 (NEW).]

[PL 1985, c. 94 (RPR).]

2. Loans to secure future advances. An interest in real estate that may be mortgaged to a credit union pursuant to this section may be mortgaged in the manner set forth in section 436 or in the manner set forth in Title 33, section 505 subject to the terms and conditions set forth in that section. An interest in real estate that may be mortgaged to a credit union organized under the laws of the United States may be mortgaged in the manner set forth in section 436 or in the manner set forth in Title 33, section 505 subject to the terms and conditions set forth in that section. The maximum loan terms established in subsection 1, paragraphs C and D, apply to each loan or advance secured by a mortgage under section 436 or Title 33, section 505.

[PL 1993, c. 229, §2 (AMD).]

3. Aggregate mortgage loan limitation.

[PL 1991, c. 110, §1 (RP).]

4. Loan policy. The board of directors shall establish a policy addressing real estate mortgage loans, including home equity loans. At a minimum, this policy must address the following:

A. Aggregate limitation on total real estate mortgage loans as a percentage of total loans and total assets; [PL 1991, c. 110, §2 (NEW).]

B. Maximum loan-to-value standards; [PL 1991, c. 110, §2 (NEW).]

C. Types of property eligible for loans; [PL 1991, c. 110, §2 (NEW).]

D. Guidelines for selecting real estate appraisers; [PL 1991, c. 110, §2 (NEW).]

E. Maximum debt-to-income ratios for borrowers; and [PL 1991, c. 110, §2 (NEW).]

F. All other standards essential to the prudent management of real estate lending including the responsibility of 3rd-party contractors who prepare documentation for loans on behalf of the credit union. [PL 1991, c. 110, §2 (NEW).]

This policy must be reviewed and ratified by the board of directors at least annually.

[PL 1991, c. 110, §2 (NEW).]

SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1985, c. 94 (RPR). PL 1991, c. 110, §§1,2 (AMD). PL 1993, c. 229, §2 (AMD).

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