

**Effective 5/13/2014**

**7-9-58 Limitations on credit extended by nonexempt credit unions.**

- (1)
  - (a) Notwithstanding the other provisions of this chapter, beginning on May 5, 2003, a nonexempt credit union may not:
    - (i)
      - (A) extend a member-business loan;
      - (B) renew a member-business loan that is extended before May 5, 2003; or
      - (C) extend the maturity date or increase the amount of a member-business loan that is extended before May 5, 2003;
    - (ii) originate, participate in, or obtain any interest in a co-lending arrangement, including a loan participation arrangement; or
    - (iii) subject to Subsection (2), extend credit that is not a member-business loan if as a result of the extension of credit the total credit that is not a member-business loan that the nonexempt credit union has issued to that member exceeds at any one time \$250,000 adjusted as provided in Subsection (1)(b).
  - (b) The adjustment described in Subsection (1)(a)(iii) shall be calculated by the commissioner as follows:
    - (i) beginning July 1, 2008 and for a calendar year beginning on or after January 1, 2009, the commissioner shall increase or decrease the dollar amount in Subsection (1)(a)(iii) by a percentage equal to the percentage difference between the consumer price index for the preceding calendar year and the consumer price index for calendar year 2007;
    - (ii) after the commissioner increases the dollar amount listed in Subsection (1)(a)(iii), the commissioner shall round the dollar amount to the nearest whole dollar;
    - (iii) if the percentage difference under Subsection (1)(b)(i) is zero or a negative percentage, the consumer price index increase for the year is zero; and
    - (iv) for purposes of this Subsection (1)(b), the commissioner shall calculate the consumer price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.
- (2) Notwithstanding Subsection (1)(a)(iii), a nonexempt credit union may extend credit in an amount that exceeds the limits provided in Subsection (1)(a)(iii) to a member if:
  - (a) the excess portion of the credit described in Subsection (1)(a)(iii) is fully secured by the member's share or deposit savings in the nonexempt credit union; or
  - (b) the credit is extended to a member of the nonexempt credit union:
    - (i) for the purpose of:
      - (A) paying amounts owed by the member to purchase a one- to four-family dwelling that is the primary residence of that member; or
      - (B) refinancing the balance of amounts owed by the member for the purchase of a one- to four-family dwelling that is the primary residence of that member; and
    - (ii) the credit extended under this Subsection (2)(b) is less than or equals \$1,000,000.
- (3) In accordance with Subsection 7-9-20(7)(d), a credit union service organization may not extend credit to a member of a nonexempt credit union holding an ownership interest in the credit union service organization if it would be a violation of this section for the nonexempt credit union to extend the credit to the member.
- (4) This section may not prevent a nonexempt credit union from servicing a loan extended before May 5, 2003.

Amended by Chapter 189, 2014 General Session