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Payment of Interest Refunds by Connecticut Credit Unions

(Transferred from § 36-206)

Sec. 36a-456-1. Definitions

As used in Sections 36a-456-1 to 36a-456-6, inclusive, of the Regulations of Connecticut State Agencies:

(1) "Commissioner" means the commissioner of banking. With respect to any function of the commissioner, "commissioner" includes any person authorized or designated by the commissioner to carry out that function;

(2) "Delinquency rate" means the total dollar value of loans which are more than SIXTY days delinquent divided by the total dollar value of loans outstanding at the end of any annual, semi-annual or quarterly accounting period from income earned and received during such period; and

(3) "Reserves" means the total of the reserve against losses on loans and any special reserve accounts.

(Effective July 2, 1979, transferred April 24, 1995, amended January 30, 1996)

Sec. 36a-456-2. Authorization of payment of interest refunds

The governing board of a Connecticut credit union may authorize the payment of interest refunds to members following the end of any annual, semi-annual or quarterly accounting period; provided (1) the Connecticut credit union has declared a dividend during such period, (2) the delinquency rate at the end of such period is less than five percent, and (3) reserves are sufficient to meet the following formula: $R - D_1(.1) + D_2(.2) + D_3(.8)$ where R = reserves, D_1 = loans 2 to less than 6 months delinquent, D_2 = loans 6 months to less than 12 months delinquent, and D_3 = loans 12 or more months delinquent.

(Effective July 2, 1979, transferred April 24, 1995, amended January 30, 1996)

Sec. 36a-456-3. Refund to be paid from income received during period

Interest refunds shall be paid by a Connecticut Credit Union to members from income earned and received during any annual, semi-annual or quarterly accounting period, in proportion to the interest paid by members during such accounting period on reasonable, objective classes of loans established by the governing board and under such conditions as the governing board may prescribe, but in no event shall interest refunds be paid to members whose loans are delinquent more than sixty days at the time of such interest refund.

(Effective July 2, 1979, transferred April 24, 1995, amended January 30, 1996)

Sec. 36a-456-4. Payment of interest refunds

A Connecticut credit union may pay interest refunds either into a member's share account or by disbursement directly to the member.

(Effective July 2, 1979, transferred April 24, 1995, amended January 30, 1996)

Sec. 36a-456-5. Accounting

Interest refunds shall be paid by a Connecticut credit union only after payment of expenses, distribution of dividends and required allocations to reserves have been made. Such refunds shall be charged to interest income.

(Effective July 2, 1979, transferred April 24, 1995, amended January 30, 1996)

Sec. 36a-456-6. Application for approval

A Connecticut credit union which does not meet the requirements of Section 36a-456-2 of the Regulations of Connecticut State Agencies may apply, in writing, to

the commissioner for approval to pay an interest refund. Such application shall state the proposed rate or rates of the interest refund, the delinquency rate, the reserves, the dividend rate, and the Connecticut credit union's reasons for payment of an interest refund. The commissioner shall approve or disapprove such application, in writing, within forty-five days of receipt of such application.

(Effective July 2, 1979, transferred April 24, 1995, amended January 30, 1996)