



ADMINISTRATIVE RULES OF MONTANA



2.59.2051 NONCONFORMING LOANS AND EXTENSIONS OF CREDIT

- (1) A loan or extension of credit within a mutual association's legal lending limit when made will not be deemed a violation but will be treated as nonconforming if the loan or extension of credit is no longer in conformity with the mutual association's lending limit because:
 - (a) the mutual association's capital has declined, borrowers have subsequently merged or formed a common enterprise, lenders have merged, or the lending limit or capital rules changed;
 - (b) collateral securing the loan to satisfy the requirements of a lending limit exception has declined in value; or
 - (c) in the case of a credit exposure arising from a derivative transaction or a securities financing transaction and measured by either the current exposure method or the Basel collateral haircut method specified in ARM 2.59.2069 and Appendix B to ARM 2.59.2069, the credit exposure subject to the lending limits of 32-2-925, MCA, or this rule increases after execution of the transaction.
- (2) A mutual association shall use reasonable efforts to bring a loan or extension of credit that is nonconforming as a result of (1)(a) into conformity with the mutual association's lending limit unless to do so would be inconsistent with safe and sound banking practices.
- (3) A mutual association shall bring a loan or extension of credit that is nonconforming as a result of circumstances described in (1)(b) into conformity with the mutual association's lending limit within 30 calendar days, except when judicial proceedings, regulatory actions, or other extraordinary circumstances beyond the mutual association's control prevent it from taking action.

Authorizing statute(s): 32-2-925, MCA

Implementing statute(s): 32-2-925, MCA

History: NEW, 2022 MAR p. 230, Eff. 2/12/22.