



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE SERVICES
DEPARTMENT OF CONSUMER & INDUSTRY SERVICES
DAVID C. HOLLISTER, DIRECTOR

LINDA A. WATTERS
COMMISSIONER

DATE: June 23, 2005

LETTER NO.: 2005-CU-08

TO: The Board of Directors and Management of Michigan State-Chartered
Credit Unions

SUBJECT: Delinquent Loan Interest Accrual

This letter replaces Letter 1992-CU-01.

The purpose of this letter is to clarify accrual of interest income on delinquent loans to ensure consistent reporting.

The Office of Financial and Insurance Services (OFIS) believes generally accepted accounting principles require that interest should not be accrued on loans three months or more delinquent. Interest previously accrued on a loan is to be reversed when the loan is determined to be a loss.

Please contact this office if you have questions.

Sincerely,

Roger W. Little, Deputy Commissioner
Credit Union Division