

**189—5.2(533) Definitions.** The definitions of terms included in rule 189—1.1(533) apply to such terms used in this chapter unless otherwise provided in this rule. In addition, the following definitions apply as used in these rules:

*“Actuarial method”* means the formula used in calculating refunds which produces a refund equal to the original fee multiplied by the ratio of the sum of the remaining scheduled monthly loan balances divided by the sum of the original scheduled monthly loan balances as of the due date next following the date of refund.

*“Bona fide”* means authentic and genuine in nature and made in a sincere and honest fashion without any intention to deceive.

*“Borrower”* means an individual who is a credit union member and who obtains an extension of credit from a credit union primarily for personal, family or household purposes.

*“Business day”* means every day except Saturday, Sunday and federal holidays unless on any such day an office of the credit union is open to conduct substantially all of its business.

*“Contract”* means a debt cancellation contract or a debt suspension agreement.

*“Debt cancellation product”* means a written contractual arrangement between a credit union and a borrower modifying loan terms under which the credit union agrees to suspend or cancel all or part of the borrower’s obligation to repay an extension of credit from that credit union upon the occurrence of a specified event. The contractual arrangement may be in the form of a debt cancellation contract, a debt suspension agreement or other accord and may be separate from or a part of other loan documents. A debt cancellation product does not include a loan payment deferral arrangement which is the borrower’s unilateral election to defer repayment or the credit union’s unilateral decision to allow a deferral of repayment.

*“Reasonable fee structure”* means a fee structure which allows a moderate return on investment and is suited to or within the means of an ordinary person, and is not formulated in a manner that an ordinary person would consider the fee structure excessive, outrageous, overreaching or unconscionable.

*“Residential mortgage loan”* means a real property loan secured by a one to four family dwelling that is the borrower’s primary or secondary residence.