

**1656.0071 LOAN CLOSING, PURCHASE OF PARTICIPATION, AND LOAN MANAGEMENT.**

Subpart 1. **Closing.** Upon receiving notification of RFA acceptance, the lender shall close the stock loan. The lender must record needed security instruments relating to the loan. The lender must notify the RFA that the loan is closed and the required security instruments are recorded by completing the lender certification section and returning the original RFA application and copies of the recorded documents and note and loan agreement to the RFA.

Subp. 2. **Payment.** Within ten business days of receipt of written notice under subpart 1 that the stock loan is closed and recorded, the RFA shall initiate payment to the lender for the RFA's participation interest in the loan.

Subp. 3. **Participation certificate.** Within five working days after the receipt of RFA funds and participation certificate, the lender shall complete and return the certificate as provided by the RFA witnessing the RFA's undivided pro rata interest in the stock loan.

Subp. 4. **Loan management.** The lender shall manage the loan, including the RFA participation interest, with the degree of care and diligence usually maintained by agricultural lenders. The lender shall have custody and control of all loan documents, except the original application which shall be retained by the RFA. The lender shall manage, administer, and enforce the loan documents in its own name and also on behalf of itself and the RFA, including, without limitation, the right to accelerate a stock loan on default and to foreclose or otherwise enforce remedies against the borrower.

Subp. 5. **Lender notification.** The lender shall promptly notify the RFA of occurrences that substantially affect the security, collection, or enforcement of any stock loan.

Subp. 6. **Prior written consent.** The lender shall obtain the prior written consent of the borrower and the RFA before:

A. making or consenting to a release, substitution, or exchange of collateral that reduces the aggregate value of the collateral;

B. waiving a claim against the borrower or a guarantor, surety, or obligor in connection with the indebtedness; or

C. modifying or waiving a term of the notes or related instruments evidencing or securing the stock loan.

**Statutory Authority:** *MS s 41B.046; 41B.07; 41C.13*

**History:** *20 SR 2290(NO. 43); 30 SR 372*

**Published Electronically:** *October 26, 2005*