

4308.0100 LOAN SERVICING.

Subpart 1. **Collection responsibilities.** In cases where a participation loan is approved, the financial institution shall collect payments according to the payment schedule outlined in the promissory note. The financial institution must remit to the department its pro rata share of a payment within 15 days of receipt. The financial institution may retain interest collected as payment for duties performed by it under the contract in the amount of one percent per annum of the department's share of the loan.

Subp. 2. **Loan default.** The financial institution shall notify the Community Development Division within 30 days after a determination by the financial institution of a default. The financial institution must pursue all reasonable means to collect the defaulted loan from the borrower and must apply and exhaust the loan security as necessary to effect payment of the loan. The financial institution must remit to the department its pro rata share of any amounts collected after subtracting costs to collect upon the defaulted loan. In lieu of foreclosure, either before or after declaring a default, the financial institution and the Community Development Division may agree to refinance or renegotiate the loan when doing so will enhance the possibility of recovery of the debt.

Statutory Authority: *MS s 116J.035; 116J.617; 116J.980*

History: *14 SR 1419*

Published Electronically: *September 26, 2007*