

8830.6300 APPLICATION FOR BANK LOAN.

All information required to be submitted to the commissioner under this chapter to support consideration for acceptance as an insured loan must be submitted in duplicate, and include:

A. a written statement under oath executed by the borrower that the proceeds of the loan will be used solely for participation in contracts for the purposes set forth in Minnesota Statutes, section 222.58, subdivision 2, paragraph (b);

B. a copy of the contract, containing: the identification of the participating parties; the total amount of the contract; the respective share of the amount of the contract to be provided by each participating party; the conditions for repayment of the total amount of the contract to the participating parties; the subject matter of the contract; and the identity of the escrow agent, if any;

C. the loan application taken by the lender, together with all supporting documents and data, pertinent to the lender's credit consideration, including:

(1) the principal amount of the loan and repayment terms;

(2) the collateral offered;

(3) the investigative credit data developed;

(4) the borrower's statement of present financial condition, including schedule of assets, liabilities, capital or net worth, and income and expenses, and statements for the immediately preceding three fiscal years; and

(5) the application of the person or corporation, if any, making a guarantee of the loan together with its statement of financial condition as required in subitem (4);

D. the form of the promissory note to be executed, complete except for signatures, and any guarantee forms to be executed;

E. the form of the security agreements or mortgages to be executed in connection with the loan, complete except for signatures, including the complete legal description of the property, personal or real, to be pledged, supplemented in addition by:

(1) a statement of the collateral's condition, marketability, and appraised value, including the source of the appraisal;

(2) a statement of priority of a lien or security interest position based on an official records search; and

(3) evidence of insurance coverage against customary perils and the availability of suitable loss payable assignments;

F. a lender's sworn statement to the commissioner that includes:

(1) the citation of Minnesota Statutes under which the interest rate and other expenses in connection with the loan are deemed lawful; and

(2) documentation of the lender's appraisal and consent to make the loan in the amount applied for, which may be conditioned upon the granting of the commitment for insurance by the commissioner;

G. an executed agreement between the lender and borrower that upon granting of the commitment for insurance by the commissioner that:

(1) funds will be disbursed only under the terms and for the purposes set forth in the application for insurance;

(2) liens and security interests provided for in the application and documents offered in the application for insurance will be filed, recorded, or otherwise perfected by the lender;

(3) the lender or its agents shall exercise reasonable care to protect the interest of the state;

(4) a copy of the notice of default required by Minnesota Statutes, section 222.58, subdivision 4, to be sent to the borrower within 90 days of default of the loan, must also be sent to any person or corporation guaranteeing the loan; and

(5) if default is continued for 180 days and the borrower has not made arrangements to meet the obligation, the lender shall promptly notify the commissioner of the circumstances of default and file a claim for benefits under Minnesota Statutes, section 222.58, subdivision 4.

Statutory Authority: *MS s 218.071; 219.073; 219.165; 219.17; 219.384; 222.50; 222.58; 222.61; 222.63*

History: *17 SR 1279; 23 SR 524*

Published Electronically: *October 2, 2007*