

1652.0070 LOAN DOCUMENTS; CLOSING PROCEDURES.

Subpart 1. **Loan documents.** The executive director shall cause to be prepared and revised from time to time as necessary, standard forms of all loan documents and closing documents necessary to evidence a bond and related loan transaction, and shall provide the forms to all applicants and prospective lenders. All bond and loan transactions must be done on standard forms, with only insertions and changes necessary to accurately reflect the transaction in question or to assure compliance with the code.

Subp. 2. **Lender's responsibility.** The lender should use its own form of additional security documents (mortgage, security agreement, or guarantee) it believes are necessary and appropriate under the particular loan circumstances. These items must be referenced in the bond documents. Any additional requirements not specifically provided for in the bond documents, such as insurance coverage and amounts, must also be added. It is the lender's responsibility to ensure that any security documents that the lender requires in a transaction have been completed and signed, and that any financing statements have been filed, mortgages recorded, or any other necessary steps taken to protect the lender's interests. The authority makes no warranties or representations with respect to the effectiveness, validity, or priority of any liens or security interests, that a lender has, or believes it may have, with respect to a particular loan or bond.

Subp. 3. **Authority's responsibility.** The authority shall by resolution authorize all documents to be executed by it and is responsible for the preparation, execution, and delivery by the borrower and the authority of the authority's loan documents and closing documents; compliance with the procedures specified in part 1652.0060; the issuance of necessary legal opinions by the authority's bond counsel; the filing with the Internal Revenue Service of all reports and forms required to be filed in connection with the issuance of a bond; and the furnishing of fully executed copies of those items to the borrower and the lender.

Subp. 4. **Origination fee and closing costs.** At the loan closing, the applicant shall deliver to the authority a check payable to the Minnesota Department of Agriculture in an amount equal to 1.5 percent of the amount of the loan as an origination fee. The authority shall estimate and the borrower shall pay all closing costs at closing. Loan proceeds may be used to pay closing costs subject to the limitation established by the code which is described in part 1652.0040, subpart 1, item B, subitem (2).

Statutory Authority: *MS s 41C.13*

History: *17 SR 2323*

Published Electronically: *May 8, 1997*