

1 Department of Commerce

2 Commissioner of Banks

3

4 Adopted Amendments to Rules Governing the Operation of Regulated

5 Lenders (Formerly Small Loan Lenders) and Industrial Loan and

6 Thrift Companies (Chapter 3: BD 100-109 and Chapter 4: BD

7 120-127)

8

9 Rules as Adopted

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11 LICENSED REGULATED LENDERS

12 4 MCAR S 1.0101 Maximum loan applies to multiple offices.

13 Licensees shall not induce or permit any borrower to become

14 obligated, directly or contingently, for a total amount in

15 excess of maximum limit stated in Minnesota Statutes, section

16 56.131 on loans obtained from two or more licensed offices

17 operated in Minnesota by the same individual, partnership,

18 affiliated partnership, corporation, or affiliated corporation.

19 Licensees shall take reasonable precautions to prevent borrowers

20 from obtaining amounts in excess of the maximum limit in this

21 manner.

22 4 MCAR S 1.0102 Licensees to be responsible for acts of

23 assignees.

24 A. Notification. Within ten days after the transaction

25 date, licensees shall notify the commissioner of banks of the

26 bulk purchase of loan accounts made pursuant to the Minnesota

27 Regulated Loan Act from another licensee or person authorized by

28 the Minnesota Regulated Loan Act to engage in this business

29 without necessity of a license and of the bulk sale of loan

30 accounts to another licensee or person authorized by the

31 Minnesota Regulated Loan Act to engage in this business without

32 necessity of a license. Notices of the purchase and sale of

33 accounts shall state the name and address of the licensee or

34 person from whom accounts are being purchased, to whom accounts

35 are being sold, and shall state the total number of accounts and

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1 the total outstanding principal balances involved.

2 B. Disposition of loan accounts to unlicensed persons.

3 Licensees shall not make a bulk sale or otherwise dispose of
4 loan accounts made pursuant to the Minnesota Regulated Loan Act
5 to any person not licensed under or authorized to engage in this
6 business without necessity of a license by the Minnesota
7 Regulated Loan Act unless prior approval is obtained from the
8 commissioner of banks. The privilege of receiving the charges
9 allowed by the Minnesota Regulated Loan Act cannot be
10 transferred to an unlicensed purchaser or purchaser not
11 authorized to engage in this business without necessity of a
12 license and all loans sold, assigned, or transferred to a
13 nonlicensee or unauthorized person shall be endorsed to bear
14 interest at a rate not to exceed the maximum legal contract rate
15 of interest. This paragraph does not apply to the transfer of
16 loan accounts made pursuant to the Minnesota Regulated Loan Act
17 which is involuntary or by operation of law.

18 4 MCAR S 1.0104 Transferred accounts.

19 The original ledger card or record of payments on any
20 transferred regulated loan must be retained in the transferring
21 licensed regulated loan office for at least two years from the
22 date of transfer.

23 4 MCAR S 1.0106 Refund of unearned interest.

24 The refund of unearned precomputed interest shall be
25 computed as of the next installment date on any regulated loan
26 prepaid in full by cash, a new loan, renewal, refinancing, or
27 otherwise if prepaid when:

28 1. 15 days or more have elapsed after a scheduled
29 installment due date in any month where the actual number of
30 days in the interval between the scheduled installment dates
31 totals 28 or 29 days; or

32 2. 16 days or more have elapsed after a scheduled
33 installment due date in any month where the actual number of
34 days in the interval between the scheduled installment dates
35 totals 30 or 31 days.

1 When fewer days than described in 1. or 2. have elapsed the
2 refund shall be computed as of the prior due date.

3 INDUSTRIAL LOAN AND THRIFT COMPANIES

4 4 MCAR S 1.0120 Books and records.

5 A. General requirements. In order to facilitate a
6 satisfactory examination by the commissioner of banks or the
7 commissioner's representatives, each industrial loan and thrift
8 company shall maintain:

- 9 1. such books and records as are deemed necessary; and
10 2. a monthly trial balance as of the close of the
11 accounting period to be in the branch office within 25 days.

12 B. Additional requirements. The principal office of each
13 industrial loan and thrift company in this state shall maintain
14 the following additional books and records:

- 15 1. a consolidated monthly trial balance as of the close
16 of the accounting period to be in the principal office within 25
17 days;
18 2. copies of the corporate stock register;
19 3. copies of all corporate insurance policies and surety
20 bonds, as required by 4 MCAR S 1.0122;
21 4. copies of the minutes of all the annual, regular, and
22 special meetings of the board of directors and stockholders.

23 C. Retention period for legal instruments or records of
24 payments. Unless otherwise provided, all legal instruments,
25 supporting documents, and ledger cards or record of payments
26 shall be maintained in the office for at least two years after
27 recording the final entry on them.

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29 Renumbering. Renumber BD 100 as 4 MCAR S 1.0100; BD 104 as 4
30 MCAR S 1.0103; BD 106 as 4 MCAR S 1.0105; BD 109 as 4 MCAR S
31 1.0107; BD 121 as 4 MCAR S 1.0121; BD 122 as 4 MCAR S 1.0122; BD
32 123 as 4 MCAR S 1.0123; and BD 127 as 4 MCAR S 1.0124.

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34 Repealer. Rules BD 102, BD 108, BD 124, BD 125, and BD 126 are
35 repealed.