

CHAPTER 15  
REGULATED LOANS

[Appeared as Ch 1, 1973 IDR]

[Prior to 4/22/87, see Banking Department[140] Ch 21]

**187—15.1(536) Application.**

**15.1(1) Form used.** Printed copies of application for license shall be obtained from the Superintendent of Banking, Iowa Department of Commerce, Division of Banking, 200 East Grand Avenue, Suite 300, Des Moines, Iowa 50309-1827. The printed application form shall be used by each applicant when applying for a license. All questions shall be answered in full and whenever space is inadequate a rider may be attached giving in full the information required.

**15.1(2) License and investigation fee.** Separate checks or money orders in payment of investigation fee and annual license fee must accompany the application. Each check or money order shall be made payable to the superintendent of banking.

This rule is intended to implement Iowa Code section 536.2.

**187—15.2(536) Suspension, revocation or surrender of license.** No refund of license fee, in whole or in part, shall be made wherein a license is suspended, revoked, or surrendered.

This rule is intended to implement Iowa Code section 536.9.

**187—15.3(536) Records.**

**15.3(1) Loan register.** A “loan register” or its equivalent record which shall be the book of original entry shall show for every loan: account number, date of loan, name of borrower and nature of security. The register shall be kept chronologically in the order made for two years from the date of final entry.

**15.3(2) Ledger card.**

*a.* Such account card shall show: name and address of borrower; loan number; date of loan; terms of repayment including maturity date; amount financed; total of payments; nature of security; cost of each credit insurance policy and any other insurance policy with each premium stated separately; name of each endorser, comaker or surety; and amount of recording and releasing fees.

*b.* All payments shall be posted on the account card as of the date received. No erasures whatsoever may be made in the payment section of any account card. In case of error, a line should be drawn in ink through the improper entry, with the correct entry made on the following line. The entries on the card shall correspond with the receipts given to the borrower.

*c.* If payment is made in any other way than in the ordinary course of business, it shall be so designated; for example, payment by sale of security, insurance claim or endorser. When a death claim is filed, the exact date of death is to be recorded on the ledger card.

*d.* The card for an interest-bearing loan shall show the amount of the loan if different from the amount financed, the amount and date of each payment received, the allocation of the payment to principal and interest, and the remaining principal balance. If a portion of the interest earned is not paid at the time payment is made, the card for an interest-bearing loan must show either the date to which interest is paid or the amount of interest then due but unpaid.

*e.* The card for a precomputed loan shall show the actual amount of the loan excluding the precomputed interest, the amount of the precomputed interest and the face amount of the note including interest, the amount and date of each payment applied to the note, the unpaid balance of the note after applying such payment and the type and amount of any additional charges collected or assessed. If deferment charges are collected in whole or in part, the card shall indicate any uncollected portion of the deferment charge, the particular installment deferred, the number of times deferred, plus the date of the final installment.

*f.* When any loan is prepaid in full, either by cash or renewal, the card must show the date of prepayment, the amount paid to discharge the loan, the amount of the interest rebate, and any deduction from the rebate for previously earned but uncollected charges, and refunds of the unearned premiums of each credit insurance policy or other insurance policy. Each insurance refund shall be separately recorded on the card.

g. Account ledger cards relating to each type of business operation must be filed in separate groups. Paid-in-full and renewed ledger cards must also be filed in a similar manner and retained from one banking division examination to the next. After the examination, these cards may be filed in a permanent file.

**15.3(3) Account ledger card control.** A record shall be maintained in the licensed office showing the total number of accounts and total amount receivable for each type of business. This record shall be posted either daily or weekly.

**15.3(4) Loan file.** A separate file shall be maintained for each borrower in the office where the loan is outstanding. Such file shall contain the note, security agreement, wage assignment and all other evidence of indebtedness or security pertaining to the loan except when the note is kept in a separate promissory note file or when said papers are in custody of a court or an agent for collection or are hypothecated. When a borrower is also a comaker, guarantor or endorser on another loan, the file of such borrower shall be cross-referenced to the other, unless such cross-referencing is included on the alphabetical record required by 15.3(5) or on the individual account card required by 15.3(2). All instruments taken in connection with a loan and signed by a borrower must bear the loan number.

**15.3(5) Index.** An alphabetical record shall be maintained and show the name of each borrower, endorser, comaker, or surety who is currently indebted to the licensee, together with sufficient information to locate the account card.

**15.3(6) Disbursement voucher.** Licensees shall use a disbursement voucher or equivalent document in conjunction with each loan showing a detailed itemization of the distribution of the loan proceeds.

**15.3(7) EDP systems.** With prior written approval from the superintendent, the licensee's use, in whole or part, of mechanical or electronic data processing equipment to maintain its loan account records, or business records, shall be permitted if it is determined that the EDP system provides the same information as is otherwise required.

This rule is intended to implement Iowa Code sections 17A.3 and 536.11.

#### **187—15.4(536) Miscellaneous restrictions.**

**15.4(1) Mail loans.** A licensee shall have authority to make and complete loans by mail from the lender's licensed office. In making such loans, the lender shall mail all the necessary papers to the borrower; and upon completion of such papers by the borrower, the check or money order representing proceeds of the loan shall be mailed from the licensee's office.

**15.4(2) Default charge.** Default charges are not to be collected if payment is made by accident and health insurance claim.

This rule is intended to implement Iowa Code section 536.12 and 1985 Iowa Acts, chapter 158.

**187—15.5(536) Interest rate.** Pursuant to the power granted to the state banking board under Iowa Code section 536.13, subsections (1)"b" and (2), the state banking board in action taken at a board meeting held June 12, 1985, fixed the maximum interest that may be charged beginning July 15, 1985, and until such time as a different rate is fixed by the board as 36 percent per annum on any part of the unpaid balance not exceeding \$1,000 and 24 percent per annum on any part of the unpaid balance in excess of \$1,000, but not exceeding \$2,800 and 18 percent per annum on any part of the unpaid balance in excess of \$2,800, but not exceeding \$10,000.

This rule is intended to implement Iowa Code section 536.13.

**187—15.6(17A,536) Size of bond.** An applicant for a regulated loan company license must file with the superintendent a bond complying with the provisions of Iowa Code section 536.3 as amended by 2009 Iowa Acts, Senate File 355, section 40. For applicants or licensees who do not make, arrange, broker, process, or underwrite any residential mortgage loans, as defined by 2009 Iowa Acts, Senate File 355, section 3, subsection 13, the bond shall be in the amount of \$25,000. For applicants or licensees who make, process, or underwrite residential mortgage loans, as defined by 2009 Iowa Acts, Senate File 355, section 3, subsection 13, the bond amount required to be filed and maintained shall be set and adjusted annually by March 31 using the following scale, based on the volume of residential mortgage loans

made, originated, arranged, brokered, processed, and underwritten, as the case may be, by the applicant or licensee during the preceding calendar year:

<u>Loans</u>	<u>Bond Amount</u>
\$0 – \$5,000,000	\$25,000
\$5,000,001 – \$20,000,000	\$50,000
\$20,000,001 – \$50,000,000	\$75,000
\$50,000,001 – \$100,000,000	\$100,000
Over \$100,000,000	\$150,000

This rule is intended to implement Iowa Code section 536.3 as amended by 2009 Iowa Acts, Senate File 355, section 40.

[ARC 8236B, IAB 10/21/09, effective 11/25/09]

**187—15.7(536) Insurance.** Rescinded IAB 10/9/96, effective 11/13/96.

**187—15.8(536) Interest rate.** Rescinded IAB 10/9/96, effective 11/13/96.

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