IB37 **Loans** [Section 11-108-201]

Any industrial bank may make, arrange, purchase, or sell the following types of loans and extensions of credit.

A. Real Estate Lending

1. General.
   a. Any industrial bank may make, arrange, purchase, or sell loans or extensions of credit secured by liens on interests in real estate.
2. Scope.
   a. For the purposes of this Rule, loans secured by liens on interests in real estate include loans made upon the security of condominiums, leaseholds, cooperatives, forest tracts, construction project loans (except as specified in Paragraphs B(6) and (7) of this Rule), and land sales contracts.

B. Other

1. Insured or Guaranteed Loans.
   a. When the industrial bank relies substantially on the insurance or guaranty of a governmental agency in making a loan. This includes loans that are:
      (1) Insured under the provisions of the National Housing Act, 12 USC 1701 et seq., administered by the Secretary of Housing and Urban Development;
      (2) Insured under the provisions of the Bankhead-Jones Farm Tenant Act, 7 USC 1000 et seq., administered by the Secretary of Agriculture, or under the Housing Act of August 28, 1937, 42 USC 1401 et seq., administered by the Department of Housing and Urban Development, or under Title V of the Housing Act of 1949, 42 USC 1441 et seq., administered by the Department of Housing and Urban Development;
      (3) Guaranteed by the Secretary of Housing and Urban Development, for the payment of obligations of which the full faith and credit of the United States is pledged;
      (4) Fully guaranteed or insured by a state, any agency or instrumentality of a state, or by a state authority for the payment of obligations of which the full faith and credit of the state is pledged, if under the terms of the guaranty or insurance agreement the industrial bank will be assured of repayment in accordance with the terms of the loan;
      (5) At least 20 percent guaranteed or insured under the provisions of the Servicemen's Readjustment Act, 38 USC 1801 et seq., administered by the Administrator of Veterans Affairs;
      (6) Guaranteed under section 802 of the Housing and Community Development Act, 42 USC 5301 et seq., administered by the Secretary of Housing and Urban Development;
      (7) Subject to a firm commitment to insure by a Government insuring agency. A firm commitment is a commitment in which a specific mortgagor is named; and
      (8) Loans in which the Small Business Administration cooperates through agreements to participate on an immediate or deferred or guaranteed

basis under the Small Business Act, 15 USC 631 et seq., administered by the Small Business Administration.

b. When the industrial bank relies substantially upon private company mortgage insurance or guaranty, but only to the extent of the insurance or guaranty.

2. Loans where the industrial bank looks for repayment by relying primarily on the borrower's general credit standing and forecast of income.
3. Loans secured by an assignment of rents under a lease.
4. Loans secured by the pledge or assignment of another real estate mortgage.
5. Loans secured by a valid lien on timber.
6. Loans having maturities not to exceed sixty (60) months made to finance the construction of a building or buildings, where there is a valid and binding agreement entered into by a financially responsible lender or other party to advance the full amount of the bank's loan upon completion of the building or buildings.
7. Loans having maturities not to exceed sixty (60) months made to finance the construction of residential or farm buildings.
8. Loans for which a security interest is taken in a mobile home.
9. Loans made previously where a security interest in real estate is taken subsequently in good faith.
10. Any type loan that a national bank has the authority to make pursuant to the provisions of Section 24 of the National Bank Act, 12 USC 1 et seq., administered by the Comptroller of the Currency.
11. Any type loan approved from time to time by the Banking Board.

C. Reference

This Rule does not include amendments to or editions of the referenced material later than the effective date of the Rule, July 1, 1990. For more detailed information pertaining to these provisions, please contact the secretary for the Colorado State Banking Board at 1560 Broadway, Suite 1175, Denver, Colorado 80202, 303-894-7584.

Amended Effective June 30, 2005

Amendments correct minor grammatical and technical errors.

Amended Effective March 1, 2004

Statutory reference amendment to conform Rule to recodified statutes; update terminology to conform to recodified statutes; formatting changes to comply with Colorado Secretary of State guidelines.