

STATE OF COLORADO

Department of Regulatory Agencies

M. Michael Cooke
Executive Director

**DIVISION OF BANKING**

Richard Fulkerson
State Bank Commissioner

Bill Owens
Governor

OPERATING MEMO

TO: Division of Banking Staff

FROM: Barbara M. A. Walker, State Bank Commissioner

DATE: May 6, 1991

RE: Loan Production Office

The purpose of a Loan Production Office (LPO) is to allow employees or agents of an institution to solicit and originate loan business outside of the institution's main office. The type of activities which may be conducted at an LPO include:

1. Soliciting of loan business, including by means of advertisements disclosing the nature and limitations of the LPO;
2. Providing information as to loan rates and terms;
3. Interviewing and counseling applicants regarding loans only, including the provisions for disclosure required by various regulations; and
4. Aiding customers in the completion of loan applications.

The type of activities which may not be conducted at an LPO include:

1. Signing or accepting notes, security agreements, or other instruments obligating the loan customer to the institution;
2. Delivering loan proceeds to the customer;
3. Providing forms enabling the customer to open deposit accounts by mail;
4. Counseling customers regarding savings accounts, checking accounts, or other bank services apart from loans;
5. Advertising or implying that the LPO provides more than loan origination services;

6. Providing information to a customer concerning the status of the customers non-loan accounts at the institution;
7. Charging, or providing for the charging of, interest on loans running from a date prior to the time at which the proceeds of the loan are actually disbursed to the customer;
8. Accepting loan payments;
9. Approving loans or making lending decisions; and
10. Allowing customer access to an electronic communications facility (e.g. ATM) from within the LPO.

Distributed to:

Commercial Banks Yes X No__ Industrial Banks Yes X No__
Trust Companies Yes __ No X FDIC Yes X No__ FRB Yes X No__