



TENNESSEE NOW WELCOMES OUT-OF-STATE APPLICATIONS FOR INDUSTRIAL LOAN AND THRIFT COMPANIES

On September 11th, the Tennessee Department of Financial Institutions ("DFI") issued a bulletin announcing that, effective immediately, it will accept applications for registration under the Tennessee Industrial Loan and Thrift Companies Act ("TILT Act") from out-of-state companies. Bulletin C-13-2. Since 1979, Tennessee has refused to accept applications from out-of-state companies because the DFI interpreted the TILT Act to require an applicant have a physical office in Tennessee.

An applicant must meet all of the qualifications for registration but the DFI will no longer consider whether a company maintains an office in Tennessee. The bulletin noted that companies still must close loans secured by real property, if not at the registered office of the registrant making the loan, at an attorney's office licensed to practice law in Tennessee or a title insurance company licensed in Tennessee, which is located within Tennessee and within 100 miles of any registered office of the registrant. A separate certificate of registration is required for each office or other place from which business is conducted.

As reasons for the changed interpretation, the DFI cited the development of technology, particularly the Internet, in the financial services industry, as well as a recent influx of interest from out-of-state companies to register under the TILT Act. □

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