



**Office of the Lieutenant Governor
Division of Banking, Insurance and
Financial Regulation**

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BULLETIN 2020-01

TO: U.S. VIRGIN ISLANDS FINANCE LENDERS AND BROKERS

**RE: AN ACT AMENDING TITLE 9 VIRGIN ISLANDS CODE, ADDING CHAPTER 26
ENACTING THE FINANCE LENDERS LAW**

The Virgin Islands Banking Board (hereinafter known as “Banking Board”) is the regulatory body charged with the licensure and regulation of Finance Lenders and Finance Brokers conducting business in this territory. The Lieutenant Governor, in his capacity of Chairman of the Banking Board issues this Bulletin to all persons that fall under the purview of the Virgin Islands Finance Lenders Law.

This Bulletin serves to advise Virgin Islands Finance Lenders and Finance Brokers of the passage of Act No. 8168, which 1) enacts title 9, Chapter 26, Virgin Islands Code (“the Virgin Islands Finance Lenders Law”); and 2) governs the qualifications and procedures for the licensing of Finance Lenders and Finance Brokers in the territory. Section 778 of Title 9, Virgin Islands Code provides “it is unlawful for any person to engage in the business of a finance lender or broker without obtaining a license from the Board.”

If you are currently conducting or plan to conduct business in the territory as a Finance Lender or Finance Broker, you will be required to obtain a Finance Lender or Finance Broker license from the Office of the Lieutenant Governor, Division of Banking, Insurance and Financial Regulation. To determine if your entity should be licensed, the definitions of Finance Lenders and Finance Brokers are cited in Section 765 of Title 9, Virgin Islands Code.

Finance Lender is defined as “any person who is engaged in the business of making consumer loans or making commercial loans.” The definition of Consumer Loans and

Commercial Loans can be found in §§833(4) and 834, and §914(c), respectively. The term Finance Lender includes in-house financing, which is a type of seller financing. For purposes of this law, "In-house financing means a type of financing, which a retailer extends to its customers, allowing the purchaser to purchase its goods or services by obtaining a loan with interest." An example of a Finance Lender that conducts in-house financing is an automobile dealership that sells vehicles and offers in-house financing to consumers purchasing a vehicle.

Finance Broker is defined as any person who is engaged in the business of negotiating or performing any act as a broker in connection with loans made by a Finance Lender.

Any entity conducting business as a Finance Lender or Finance Broker will be required to obtain a license from the Banking Board unless exempt from licensure. The exempt categories include the following:

1. banks, savings and loans associations, credit unions, certain SBA- approved lenders, and pawnbrokers regulated by the laws of any state or by federal law;
2. licensed check cashers;
3. colleges and universities making student loans;
4. securities broker-dealers licensed under Virgin Islands law;
5. persons or entities who make no more than five (5) commercial loans in a twelve-month period, and the loans are incidental to the primary business of the person relying on the exemption;
6. public entities (including municipal corporations and government agencies);
7. agricultural cooperatives;
8. credit card issuers;
9. loan made or arranged by Virgin Islands licensed real estate brokers and secured by a lien on real property;
10. licensed residential mortgage lenders;
11. commercial bridge loans made by a venture capital company to an operating company;
12. franchise loans made by a franchisor to a franchisee; and
13. commercial loans and other investments made by certain tax-exempt organizations.

Any person claiming the benefit of any exemption under this Act shall have the burden of proving that the exemption is applicable.

Pursuant to Title 9, Chapter 26, Subchapter 3, to obtain a license to conduct business as a Finance Lender or Finance Broker the applicant must submit the following to the Banking Board:

- 1) A completed Application for licensure on a form prepared by the Division
- 2) Non-refundable Investigation fee of \$200.00
- 3) Non-refundable Application fee of \$300.00
- 4) Refundable licensure fee: (if licensed is denied)
 - Finance Lender of \$2,500
 - Finance Broker of \$1,500
- 5) Tax Clearance letter
- 6) Business Plan

- 7) Audited Financial Statements
- 8) Corporate documents
- 9) Authorization for Disclosure of Financial Records
- 10) Biographical Affidavits for owner/manager
- 11) A full set of fingerprints and related information for conducting criminal history check of any person having 10 percent or more of the outstanding interests or responsible for the lending activity and a fee sufficient to cover the costs of processing the fingerprints requests
- 12) Net worth of:
 - Finance Lenders- at least \$100,000
 - Finance Broker -\$25,000
- 13) Surety bond in a minimum amount of \$25,000, payable to the Government of the Virgin Islands
- 14) Copy of license for other activities conducted at the business location
- 15) Agent for Service of Process

A separate application and appropriate fees are required for each branch office. Once an application is filed with the Division, the Banking Board may require licensees to file, at the times prescribed, changes in information provided in the application.

The maximum amount of interest rate that can be directly or indirectly charged by any person seeking a consumer loan in the amount of \$50,000 or less must not be in excess of 26 percent. Notwithstanding, as it relates to in-house financing, no interest rate in excess of 12 percent may be charged to persons seeking in-house financing of consumer auto loans or any other financing transactions where the loan is secured by a Finance Lender.

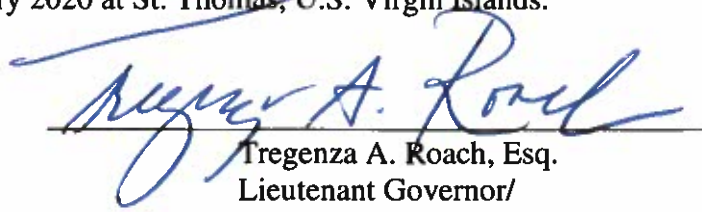
Any other activities conducted by the Finance Lender that is not within the purview of the Banking Board may require a license from the Virgin Islands Department of Licensing and Consumer Affairs.

Application for Licensure can be found on the Division's website ltg.gov.vi and at the Division's St. Croix Office 1131 King Street, Suite 101, Christiansted, Virgin Islands 00820.

Questions regarding this Bulletin may be directed to the Division of Banking, Insurance and Financial Regulation by calling Chief of Other Financial Services Ashton Bertrand or by calling Assistant Director/Legal Counsel Glendina Matthew at (340) 773-6459.

Dated this 25th day of February 2020 at St. Thomas, U.S. Virgin Islands.




Tregenza A. Roach, Esq.
Lieutenant Governor/
Chairman, Virgin Islands Banking Board