

1 Department of Commerce

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3 Adopted Permanent Rules Relating to Bank Real Estate Loans and
4 Audit Control Policies

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6 Rules as Adopted

7 2675.0901 REAL ESTATE LOANS-DOCUMENTATION.

8 Each real estate secured loan file shall include the
9 following documentation and evidence where the loan is in an
10 amount over \$25,000:

11 A. An attorney's opinion or a title insurance policy
12 is required on all real estate loans which shall describe the
13 status of fee title, the validity of the bank's lien, and the
14 position of the lien.

15 B. and C. [Unchanged.]

16 2675.2170 OTHER REAL ESTATE.

17 Other real estate:

18 A. and B. [Unchanged.]

19 C. Reasonable attempts shall be made to dispose of
20 other real estate by sale. The other real estate file shall be
21 documented with disposal attempts. In no case, is depreciation
22 required on other real estate, but it shall be removed from the
23 books within ten years after acquisition according to Minnesota
24 Statutes, section 48.21, subdivision 3.

25 D. and E. [Unchanged.]

26 F. Expenditures approved by the board for permanent
27 improvements to other real estate owned, in order to improve
28 marketability, may be capitalized up to ten percent of the
29 amounts referred to in item B and further provided the original
30 amount plus the additional capitalization does not exceed the
31 amount of the appraisal required by item B.

32 FINANCIAL INSTITUTION AUDIT CONTROL POLICIES

33 2675.2600 INTERNAL AUDIT CONTROL.

34 Subpart 1. Written internal audit control policy. The

1 board of directors of a bank, trust company, or savings bank
2 shall establish a written internal audit control system.
3 Documentation of internal audit procedures performed and the
4 reports shall be maintained by the bank for inspection by the
5 supervisory examiners and by the external auditors. The scope
6 of coverage and effectiveness of the internal audit control
7 system shall be reviewed for adequacy and approved by the board
8 annually. The board shall consider inclusion of recommendations
9 made by supervisory examiners and external auditors in the
10 internal audit control system.

11 Subp. 2. Resolution officer. The board of directors,
12 through its management, will designate one or more of its
13 officers as a resolution officer. It is the responsibility of
14 this person to promptly investigate and respond to written
15 complaints, disputes, and inquiries from bank customers
16 regarding the customer's account or bank activities. Individual
17 files containing the complaint letter, investigation procedure,
18 and disposition of the matter shall be maintained for 18 months
19 following disposition.

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21 REPEALER. Minnesota Rules, part 2675.2610, subpart 2, is
22 repealed.