

CHAPTER 2675
DEPARTMENT OF COMMERCE
LOANS, INVESTMENTS, AND PROCEDURES

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2675.0901 REAL ESTATE LOANS-DOCUMENTATION.

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

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

[For text of items B and C, see M.R.]

Statutory Authority: *MS s 45.023; 46.01*

History: *14 SR 517*

2675.2170 OTHER REAL ESTATE.

Other real estate:

[For text of items A and B, see M.R.]

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

[For text of items D and E, see M.R.]

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

Statutory Authority: *MS s 45.023; 46.01*

History: *14 SR 517*

FINANCIAL INSTITUTION AUDIT CONTROL POLICIES**2675.2600 INTERNAL AUDIT CONTROL.**

Subpart 1. **Written internal audit control policy.** The board of directors of a bank, trust company, or savings bank shall establish a written internal audit control system. Documentation of internal audit procedures performed and the reports shall be maintained by the bank for inspection by the supervisory examiners and by the external auditors. The scope of coverage and effectiveness of the internal audit control system shall be reviewed for adequacy and approved by the board annually. The board shall consider inclusion of recommendations made by supervisory examiners and external auditors in the internal audit control system.

Subp. 2. **Resolution officer.** The board of directors, through its management, will designate one or more of its officers as a resolution officer. It is the responsi-

bility of this person to promptly investigate and respond to written complaints, disputes, and inquiries from bank customers regarding the customer's account or bank activities. Individual files containing the complaint letter, investigation procedure, and disposition of the matter shall be maintained for 18 months following disposition.

Statutory Authority: *MS s 45.023; 46 01*

History: *14 SR 517*

2675.6400 SELECT GROUP IDENTIFICATION.

Subpart 1. Select group identification. A select group is one that:

A. has a common bond as defined in Minnesota Statutes, section 52.05, subdivision 1; and

B. cannot feasibly form and maintain a credit union with its own membership, but desires to join an existing credit union.

Subp. 2. Application procedure. Residents of this state may apply to be a select group by including the following information in writing:

A. the basis on which the undersigned residents or individuals represent the select group;

B. a description of the basis of common bond affinity of the members of the petitioning group consistent with Minnesota Statutes, section 52.05, subdivision 1;

C. if the members of the group are part of an existing credit union, a waiver or consent from the board of directors of the existing credit union that states that the credit union has no objection to the applicants' certification as a select group eligible to petition another existing credit union for membership; and

D. a count or reasonable estimate of the potential numbers of the group, the basis on which the potential number was determined, and a statement whether the group is aware of any existing credit union service available to the group. This statement is solely for informational use by the department.

Subp. 3. Groups with fewer than 1,500 potential members. Groups with fewer than 1,500 potential members will be considered too small to be feasible as a separate credit union unless the requirements of subpart 1 are satisfied and:

A. the group desires to form its own credit union; or

B. the group cannot obtain an agreement from an existing credit union to be part of it.

Subp. 4. Groups with more than 1,500 potential members. A group with more than 1,500 potential members will also be considered as a select group if it otherwise can comply with subpart 1.

Subp. 5. Approval. Upon receipt of an application from a group, the commissioner shall, within 30 days of receipt of the application, approve or disapprove it. If disapproved, the commissioner shall provide the applicants with a written explanation on which the denial was based. The commissioner may ask for additional information or statements at any time before the application is considered complete. All group applications, except for applications from groups made up of members of existing credit unions or groups made up of people who have a common employer which qualifies them for membership in an existing credit union, will be considered separately from any consideration of the membership provisions of existing credit unions.

Subp. 6. Subsequent action by an existing credit union. For an existing credit union to qualify for approval of a bylaw amendment to include an eligible select group in its field of membership, in addition to the requirements in Minnesota Statutes, section 52.02, the existing credit union must be capable of serving the eligible select group, and the commissioner shall require:

A. the existing credit union and representatives of the eligible group to agree on and submit a plan of operation to facilitate servicing of the members of the eligible select group for the commissioner's consideration on a case by case basis; and

B. a statement that the existing credit union will not solicit individuals to join the select group.

Statutory Authority: *MS s 45.023; 52.05*

History: *14 SR 1717*