

2675.0901 REAL ESTATE LOANS-DOCUMENTATION.

A bank must maintain a written policy approved annually by its board of directors that at a minimum addresses:

A. Written appraisal or valuation reports made in conjunction with federal, state, and board requirements. Valuation reports must contain detail sufficient to state current market value based on actual conditions and must not be based on projected or speculative events. Updated evaluation reports based on changing conditions of an individual loan transaction or economic conditions must also be included as a requirement.

B. Description of fee title, validity of the bank's lien, position of the lien, and documentation of methods used to make these determinations.

C. Evidence of adequate insurance which names the bank as the loss payee.

D. Exemption of documentation requirements, for a single loan or class of loans, if the loan documents reflect that the lien is not needed to support the loan and where the terms of the transaction as a consequence have not been made more favorable than they would have been in the absence of a lien. For regulatory purposes, no real estate collateral value will be assigned to exempted loans.

Statutory Authority: *MS s 45.023; 46.01*

History: *9 SR 1689; 14 SR 517; 20 SR 168*

Published Electronically: *September 14, 2007*