



# BULLETIN

No. B-89-7

December 1, 1989

TO: Chief Executive Officers of all State Banks  
and Examining Personnel

SUBJECT: Rule 0180-14-02(6) Regulations Pertaining  
to Other Real Estate

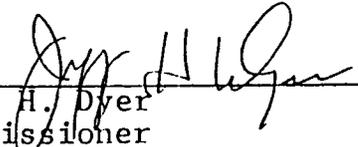
Attached is a copy of the amended Rule 14, Regulations Pertaining to Other Real Estate, which became effective November 29, 1989.

The previous rule required annual appraisals, but provided no guidance as to when the appraisal had to be obtained by. The amended rule requires appraisals within thirty (30) days of acquisition of a parcel of real estate, and annually thereafter, as long as the bank owns the real estate.

The prior rule required annual appraisals on all parcels of real estate. The current rule provides that banks are required to obtain appraisals on all parcels of land whose book value exceeds one-half of one percent (1/2 of 1%) of Total Equity Capital. Upper and lower value limit exceptions are also provided.

The current rule also provides the definition of Total Equity Capital.

Please contact Mark McDowell, Director of Examinations, or Ann Clark, Staff Attorney, with any questions.

  
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Jeff H. Dyer  
Commissioner

Proposed Rules  
of  
Department of Financial Institutions  
Chapter 0180-13  
Electronic Data Processing Servicer Examination

Presented herein are proposed amendments of the Department of Financial Institutions submitted pursuant to Tennessee Code Annotated, Section 4-5-202 in lieu of a rulemaking hearing. It is the intent of the Department of Financial Institutions to promulgate these rules without a rulemaking hearing unless a petition requesting such hearing is filed within thirty (30) days of the publication date of the issue of the Tennessee Administrative Register in which the proposed rule is published. Such petition to be effective must be filed in the Department of Financial Institutions located at the John Sevier Building, Fourth Floor, 500 Charlotte Avenue, Nashville, Tennessee 37219-5384, and in the Department of State, Fifth Floor, James K. Polk State Office Building, Sixth and Deaderick, Nashville, Tennessee 37219, and must be signed by twenty-five (25) persons who will be affected by the rule, or an association of twenty-five (25) or more members, or any standing committee of the general assembly.

AMENDMENTS

Rule 0180-13-.03 AGREEMENT AND PRIOR APPROVAL REQUIRED is amended by adding the following new paragraph (5), so that as amended the rule shall read as follows:

(5) At the time the electronic data processing servicer enters into such a written agreement with the financial institution, the electronic data processing servicer shall also be required to provide information to the Department concerning its current status. The Commissioner may require, among other things, that the following information be provided to the Department:

- (1) a current financial statement certified by any managing official of the servicer;
- (2) a list of all Tennessee state chartered financial institutions serviced by the servicer and the location of the data center from which such service is provided;
- (3) the number of employees of the servicer;
- (4) the location of the third party software escrow;
- (5) if the servicer provides processing, how back-up is provided;
- (6) a copy of the most current EDP audit; and
- (7) a listing of the servicer's insurance, including the type, amount, and with whom the coverage is held.

This required information shall be supplied annually to the Department of Financial Institutions and the serviced financial institutions by the servicer within 90 days of the end of the servicer's fiscal year. The contents of this statement shall be based on the servicer's fiscal year-end statement.

Authority: T.C.A. Sections 45-1-107, 45-2-616, 45-3-801, 45-4-1001, and 45-5-501.

Signature of the agency officer or officers directly responsible for proposing and/or drafting these proposed rules:

Kathryn R. Edge  
Kathryn R. Edge  
Assistant Commissioner  
and Legal Counsel

I certify that this is an accurate and complete copy of proposed rules lawfully promulgated and adopted by the Department of Financial Institutions on the 14<sup>th</sup> day of June, 1989.

The Secretary of State is hereby instructed that, in the absence of a petition for rulemaking hearing being filed under the conditions set out herein and in the locations described, he is to treat the proposed rules as being placed on file in his office at the expiration of thirty (30) days after the publication date of the issue of the Tennessee Administrative Register in which these proposed rules are published.

Jeff H. Byer  
Jeff H. Byer  
Commissioner of Financial  
Institutions

Subscribed and sworn to before me this the 14<sup>th</sup> day of June, 1989.

Alanna C. Smith  
Alanna C. Smith  
Notary Public

My commission expires on the 10<sup>th</sup> day of November, 1991.