

RÉSUMÉ DIGEST

ACT 348 (SB 101)

2019 Regular Session

White

Prior law authorized state banks to purchase, hold, and convey any immovable property necessary for the proper transaction of its business, or which has been mortgaged to it in good faith as security for loans, or which has been conveyed to it in satisfaction of debts previously contracted bona fide in the course of its business, or which it purchases at sales under judgment of mortgages held by it or in which it has an interest by being subrogated, or under certain circumstances pursuant to participation in a shared appreciation loan or home equity conversion loan.

New law retains prior law.

Prior law provided generally that, with certain exceptions, a state bank shall not hold immovable property as an asset for longer than 10 years. New law adds exceptions of immovable property held by a state bank for more than five years as of Jan. 1, 1980, and immovable property that may be held in perpetuity if it is not being operated by the financial institution as an ongoing business, has been written down to the value of one dollar on the books of the bank, and has been transferred into a subsidiary of the bank.

New law adds certain appraisal requirements for immovable property. Provides that for certain property a state bank shall obtain, within a reasonable time before or after the property is acquired, a current appraisal of the fair market value of any such property and shall account for the property in accordance with generally accepted accounting principles. Further provides that the bank may perform an evaluation in lieu of an appraisal for residential real estate valued at or below \$250,000 and for commercial real estate valued at or below \$500,000. Further provides for additional appraisals or evaluation every three years, and for certain additional appraisals for commercial immovable property valued above \$500,000.

New law also provides circumstances under which the commissioner may require additional appraisal or evaluations. Also provides that certain property held in perpetuity are exempt from certain valuation requirements.

Prior law provided that a state bank shall obtain annually, within a reasonable time as determined by the commissioner, from a qualified appraiser a current appraisal of the fair market value of immovable property valued at an amount greater than \$250,000, and shall account for the property in accordance with GAAP. For property valued at less than \$250,000, provides that a state bank shall annually perform an adequate evaluation of such property. Further provides that the commissioner may require a state bank to obtain an appraisal by a qualified appraiser of a piece of property valued at less than \$250,000, if it is necessary for safety and soundness reasons. New law deletes these provisions.

Effective August 1, 2019.

(Amends R.S. 6:243)