§243. Immovable property; dealings

A. A state bank may lawfully purchase, hold, and convey any immovable property:

(1) Which is necessary for the proper transaction of its business.

(2) Which has been mortgaged to it in good faith as security for loans.

(3) Which has been conveyed to it in satisfaction of debts previously contracted bona fide in the course of its business.

(4) Which it purchases at sales under judgment of mortgages held by it or in which it has an interest by being subrogated to rights according to Civil Code Article 1829.

(5) Pursuant to participation in a shared appreciation loan or home equity conversion loan, including but not limited to reverse mortgages and shared appreciation mortgages, wherein the bank has a right to receive a share of the appreciation in value of the security property upon maturity of the loan. Such loans shall be authorized when any of the following exist:

(a) The security property of the borrower is designed principally as a single-family residence.

(b) The borrower is the owner and occupant of the security property.

(c) The loan is authorized pursuant to the Alternative Mortgage Transaction Parity Act of 1982, 12 U.S.C. 3801 et seq., and regulations issued thereunder, or regulations issued by the office of financial institutions as provided in this Title.

B. Except for property held pursuant to Paragraphs (A)(1) and (5) of this Section, a state bank shall not hold immovable property as an asset for a longer time than ten years, except as provided in Paragraph (E)(2) or (F)(1) of this Section. Any bank holding immovable property which is subject to the ten-year divestiture period shall enter the immovable property on its books in accordance with generally accepted accounting principles (GAAP).

C.(1) For immovable property provided for in Paragraphs (A)(2), (3), and (4) of this Section, 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 (GAAP). For purposes of this Paragraph, a state bank may perform an evaluation in lieu of an appraisal for residential real estate valued at or below two hundred fifty thousand dollars and for commercial real estate valued at or below five hundred thousand dollars.

(2) An additional appraisal shall be required for immovable property every third calendar year from the date the initial appraisal was obtained pursuant to Paragraph (1) of this Subsection. For purposes of this Paragraph, a state bank may perform an evaluation in lieu of an appraisal for residential immovable property valued at or below two hundred fifty thousand dollars and for commercial immovable property valued at or below five hundred thousand dollars.

(3) Notwithstanding Paragraph (2) of this Subsection, for commercial immovable property valued above five hundred thousand dollars, an additional appraisal shall be required every second calendar year from the date the initial appraisal was obtained pursuant to Paragraph (1) of this Subsection.

D.(1) The commissioner may require additional appraisals or evaluations of immovable property provided for in Paragraphs (A)(2), (3), and (4) of this Section, not more often than annually, if the commissioner determines either of the following to be true:

(a) The appraisal or evaluation is necessary for safety and soundness reasons.

(b) The appraisal or evaluation is necessary due to a material decline in the condition or market value of a specific property or local real estate market.

(2) For purposes of this Subsection, the commissioner may require an appraisal for immovable properties of any value pursuant to this Section, regardless of the thresholds established in this Section.

E.(1) A state bank may, at its option, select the method of valuation as provided for in Subsection C of this Section, or may reduce the value of the immovable property by at least one-tenth of the original book value each year that the property is held. The bank shall divest itself of that property within the ten-year period, regardless of which method of valuation is selected. The bank shall continue to apply this method consistently throughout the divestiture period.

(2) The ten-year divestiture requirement shall not apply to immovable property which has been held by a state bank for more than five years as of January 1, 1980.

(3) A bank which acquires the assets of a failed or failing bank shall be allowed ten years from the date it acquires the immovable property of the failed or failing bank within which to divest itself of such property. A bank shall value the acquired property in accordance with the requirements of Paragraph (1) of this Subsection. A bank shall establish the anniversary date to be the original acquisition date of the other immovable property as determined by the failed or failing institution or the date the bank acquires the other immovable property of the failed or failing institution. Once the anniversary date has been established, that date will remain as such for as long as the property is held by the bank.

(4) Except as otherwise provided by rule or regulation promulgated by the commissioner, a state bank shall not exchange any property, whether movable or immovable, acquired in the course of its business as provided in Subsection A of this Section.

F.(1) A state bank may hold immovable property in perpetuity, exempt from the divestiture requirements of this Section, if all of the following conditions are met:

(a) The property is not being operated by the financial institution as an ongoing business.

(b) The property has been written down to the value of one dollar on the books of the bank.

(c) The property has been transferred into a subsidiary of the bank.

(d) Written approval has been obtained from the commissioner.

(2) Property held in perpetuity subject to Paragraph (1) of this Subsection shall also be exempt from the valuation requirements contained in Subsection C of this Section.

Acts 1984, No. 719, §1, eff. Jan. 1, 1985; Acts 1985, No. 503, §1; Acts 1986, No. 55, §1; Acts 1989, No. 399, §1; Acts 1991, No. 340, §1, eff. July 6, 1991; Acts 1991, No. 789, §1; Acts 1992, No. 877, §1, eff. Sept. 1, 1992; Acts 1995, No. 1202, §1; Acts 1999, No. 860, §§1, 3, eff. July 2, 1999; Acts 2001, No. 544, §1, eff. June 21, 2001; Acts 2004, No. 40, §1; Acts 2012, No. 29,§§1,2; Acts 2016, No. 74, §1; Acts 2019, No. 16, §1; Acts 2019, No. 348, §1.