

## RÉSUMÉ DIGEST

ACT 74 (SB 144)

2016 Regular Session

Martiny

Prior law authorized a state bank to purchase, hold, and convey immovable property which is necessary for the proper transaction of its business, which has been mortgaged to it as security for a loan, which has been conveyed to it in satisfaction of debts previously contracted in the course of its business, which it purchases at sales under judgement of mortgages held by the bank, and which is pursuant to participation in a shared appreciation loan or home equity conversion loan.

Prior law prohibited a bank from holding immovable property as an asset for longer than 10 years unless the immovable is necessary for the proper transaction of the bank's business or is held pursuant to participation in a shared appreciation loan or home equity conversion loan. Required that the bank carry the immovable on its books at fair market value or acquisition cost, whichever is lower. New law removes provision that the property be carried at fair market value or acquisition cost and provides that the immovable be carried on the bank's books in accordance with generally accepted accounting principles (GAAP).

Prior law required that a state bank annually obtain a current appraisal, from a qualified appraiser, of the fair market value of immovable property held by the bank in an amount greater than \$250,000 and reduce the value of the property on its books if the fair market value declines.

New law retains the requirement for annual appraisal but provides that the bank account for the property in accordance with generally accepted accounting principles (GAAP).

Prior law required that if property is valued at less than \$250,000, the state bank is to annually perform an adequate evaluation of the property. Provided that if determined that the property value is less than its book value, then the book value is to be reduced to reflect the correct valuation according to policies adopted by the commissioner of financial institutions. New law requires that the bank reflect the correct valuation in accordance with generally accepted accounting principles (GAAP).

Effective August 1, 2016.

(Amends R.S. 6:243(B)(1) and (2)(a) and (b))