



# State of Tennessee

## PUBLIC CHAPTER NO. 233

### SENATE BILL NO. 1020

By Bell

Substituted for: House Bill No. 870

By Sexton, Marsh, Fitzhugh

AN ACT to amend Tennessee Code Annotated, Title 45, relative to banks.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 45-2-607(b)(2), is amended by deleting the subdivision in its entirety and by substituting instead the following:

(2)(A) Except as provided in subdivision (b)(2)(B), real property shall be sold within ten (10) years;

(B) If the bank holds the real property for a period longer than five (5) years, then after an initial five-year period, the bank, in reporting its financial status to the department, shall write off twenty percent (20%) of the appraised value of the real property each subsequent year it is held until the real property is either sold or the ten-year period has elapsed. Upon application of the bank, the commissioner may, in extraordinary circumstances, adjust or waive the percentage a bank shall write off the real property each year, may extend the period in which the real property may be held beyond ten (10) years, or any combination of the foregoing. If the commissioner reduces, waives, or adjusts the amount of write-off, the real property may not be carried at more than the appraised value of the property;

(C) Real property which has been written off but not disposed of shall be maintained on the bank's books at some nominal value;

(D) If the bank's board of directors deem the real property owned to be a prudent investment for income or appreciation for the bank, the board may take action to maintain the real property on the bank's books as an investment, pursuant to subdivision (a)(9);

(E) Not more than one hundred twenty (120) days before or thirty (30) days after the date the parcel is acquired by the bank as real property owned, or from the date on which the bank legally acquires the real property for investment purposes, the bank shall obtain from an independent, qualified appraiser an appraisal of the parcel; provided, however, that:

(i) For parcels whose book value is two hundred fifty thousand dollars (\$250,000) or less, the bank may obtain an evaluation in lieu of an appraisal; and

(ii) For parcels whose book value is one hundred thousand dollars (\$100,000) or less, no appraisal or evaluation shall be required; and

(F) Within twelve (12) months from the date the bank acquires the real property, and every twelve (12) months thereafter for as long as the bank owns the real property, the bank shall obtain another appraisal or evaluation, whichever is appropriate as provided for in subdivision (b)(2)(E).

SECTION 2. The department of financial institutions is authorized to promulgate such rules and regulations in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, or issue departmental bulletins in lieu of such regulations, to implement the provisions of this act.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

SENATE BILL NO. 1020

PASSED: April 1, 2013

  
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RON RAMSEY  
SPEAKER OF THE SENATE

  
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BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 19<sup>th</sup> day of April 2013

  
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BILL HASLAM, GOVERNOR