

Bulletin B-21-1



TO: TENNESSEE STATE CHARTERED BANKS

SUBJECT: Other Real Estate

DATE: June 15, 2021

This bulletin is intended to clarify the holding period commencement for real property acquired in satisfaction of a loan previously made in good faith when a state bank acquires such real property as the result of a merger with or acquisition of another institution.

Pursuant to Tennessee Code Annotated § 45-2-607(b)(2)(A), a state bank that acquires real property to satisfy or protect a loan previously made in good faith (so called 'other real estate') must sell such other real estate not later than ten (10) years from acquisition, unless an extension is obtained pursuant to Tennessee Code Annotated § 45-2-607(b)(2)(B).

Generally, the holding period for other real estate begins when ownership to the property is transferred to the state bank. In the case of other real estate acquired as the result of a merger or acquisition, the successor bank cannot dispose of the property until ownership is transferred. Thus, when merger and acquisitions take place, the holding period for the newly acquired other real estate commences on the date of merger or acquisition. The Department's position on the commencement of the holding period for mergers or acquisitions is consistent with 12 C.F.R Part 34.82(b)(1), which establishes the holding period applicable to national banks.

This bulletin also retires Bulletin B-89-7 relating to Chapter 0180-14 of the Rules of the Department of Financial Institutions, Regulations Pertaining to Other Real Estate, which was repealed in July 2017. Guidelines with respect to other real estate, including real estate

appraisal guidance, are addressed in Tennessee Code Annotated § 45-2-607(b)(2) and in Bulletin 15-2.

Questions relating to this Bulletin may be directed to Financial Analyst Jo Ann Schumann at 615-417-6301 or joann.schumann@tn.gov.

A handwritten signature in black ink, appearing to read "Greg Gonzales".

Greg Gonzales
Commissioner