

SENATE BILL NO. 136—SENATOR RHOADS (BY REQUEST)

FEBRUARY 8, 2011

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions governing certain real property held by banks. (BDR 55-737)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to financial institutions; revising provisions governing the period that a bank may hold certain real property; removing provisions requiring a bank annually to charge off a certain percentage of the value of certain real property held by the bank and acquired as a result of a debt owed to the bank; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law authorizes a bank to hold real property that the bank acquires
2 through the collection of debts owed to it for up to 10 years, and this bill reduces
3 that period to 5 years, except that a bank may request an extension of that period
4 from the Commissioner of Financial Institutions of not more than 5 years. Existing
5 law also requires a bank to charge off the real property on a schedule of not less
6 than 10 percent per year, or at a greater percentage if so required by the
7 Commissioner. (NRS 662.015) This bill removes the requirement that a bank
8 annually charge off a certain percentage of the value of such real property.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** NRS 662.015 is hereby amended to read as follows:
2 662.015 1. In addition to the powers conferred by law upon
3 private corporations and limited-liability companies, a bank may:
4 (a) Exercise by its board of directors, managers or authorized
5 officers and agents, subject to law, all powers necessary to carry on
6 the business of banking by:



(1) Discounting and negotiating promissory notes, drafts, bills of exchange and other evidences of indebtedness;

(2) Receiving deposits;

(3) Buying and selling exchange, coin and bullion; and

(4) Loaning money on personal security or real and personal property.

➤ At the time of making loans, banks may take and receive interest or discounts in advance.

(b) Adopt regulations for its own government not inconsistent with the Constitution and laws of this State.

(c) Issue, advise and confirm letters of credit authorizing the beneficiaries to draw upon the bank or its correspondents.

(d) Receive money for transmission.

(e) Establish and become a member of a clearinghouse association and pledge assets required for its qualification.

(f) Exercise any authority and perform all acts that a national bank may exercise or perform, with the consent and written approval of the Commissioner. The Commissioner may, by regulation, waive or modify a requirement of Nevada law if the corresponding requirement for national banks is eliminated or modified.

(g) Provide for the performance of the services of a bank service corporation, such as data processing and bookkeeping, subject to any regulations adopted by the Commissioner.

(h) Unless otherwise specifically prohibited by federal law, sell annuities if licensed by the Commissioner of Insurance.

2. A bank may purchase, hold and convey real property:

(a) As is necessary for the convenient transaction of its business, including furniture and fixtures, with its banking offices and for future site expansion. This investment must not exceed, except as otherwise provided in this section, 60 percent of its stockholders' or members' equity, plus subordinated capital notes and debentures. The Commissioner may authorize any bank located in a city whose population is more than 10,000 to invest more than 60 percent of its stockholders' or members' equity, plus subordinated capital notes and debentures, in its banking offices, furniture and fixtures.

(b) As is mortgaged to it in good faith by way of security for loans made or money due to the bank.

(c) As is permitted by NRS 662.103.

3. This section does not prohibit any bank from holding, developing or disposing of any real property it may acquire through the collection of debts due it. ~~Any~~ **Except as otherwise provided in subsection 4**, real property acquired through the collection of debts due it may not be held for longer than ~~10~~ **5** years. It must be sold at private or public sale within 30 days thereafter. ~~During the~~



~~time that the bank holds the real property, the bank shall charge off the real property on a schedule of not less than 10 percent per year, or at a greater percentage per year as the Commissioner may require.]~~

4. A bank may request and the Commissioner may grant an extension of the period described in subsection 3 of not more than 5 years. The Commissioner shall not grant a bank more than one extension of the period prescribed in subsection 3 for any real property held by the bank.

