

To: All Kansas State Chartered Banks
From: Gwen N. Hill, Staff Attorney
Date: November 5, 2001
Re: Request for Extension of Time to Hold Property

Pursuant to K.S.A. 9-1112 (d) and (e),¹ a bank is permitted to hold property that comes into its possession as a result of a collection of debt. This property should be sold in a commercially reasonable sale within twelve months of the acquisition of the property. However, subsection (e)² permits a bank to hold the property longer than twelve months, with authorization of the commissioner, if a commercially reasonable sale cannot be conducted within that time frame. The holding period for personal property was changed from six months to twelve months during the 2001 legislative session. This change should allow banks ample opportunity to dispose of property, and requests for extensions of time to hold property should be rare. However, in the event a bank is approaching its twelve-month deadline and finds an extension is needed, the bank should, at a minimum, provide the following information to this office.

- A thorough description of the asset.
- An explanation of how the bank acquired the asset and the name(s) of the previous owner(s).
- The date the bank took possession of the property.
- The dollar amount that is booked to Other Assets.

- If the property is a vehicle, the bank should include the basis used to assign value to the asset, such as NADA value, dealer quotes/bids, etc., as well as the following:
 - the year, make, and model;
 - serial number;
 - odometer reading;
 - options;
 - a statement regarding the general condition of the asset; and
 - any other information relevant to the condition or value of the vehicle.

- If the property is other than a vehicle, the bank should include the value assigned to the property, as well as how that value was determined.

- The actions the bank has taken or is taking to market or sell the asset, and any responses received.

- An explanation of why disposal of the property is impossible or impractical within the twelve-month period.

- The requested length of time to hold the property.

¹ Updated 2019. New statutory cite is K.S.A. 9-1102(i).

² Same.