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**By: Delegate Brinkley**

Introduced and read first time: February 23, 1996  
Assigned to: Commerce and Government Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Banking Institutions - Investments in Real Property and Furnishings**

3 FOR the purpose of repealing a certain limitation on the Bank Commissioner's discretion  
4 to authorize certain investments by banking institutions; and generally relating to  
5 investments by banking institutions in real property and furnishings.

6 BY repealing and reenacting, with amendments,  
7 Article - Financial Institutions  
8 Section 5-503  
9 Annotated Code of Maryland  
10 (1992 Replacement Volume and 1995 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article - Financial Institutions**

14 5-503.

15 (a) A banking institution may buy and hold real property only as provided in this  
16 section.

17 (b) (1) Subject to the limitations in paragraph (3) of this subsection, a banking  
18 institution may buy or hold any real property that is necessary for the convenient  
19 transaction of its business.

20 (2) In addition to its offices, this property may include:

21 (i) A parking lot that the banking institution provides, with or without  
22 charge, primarily for the use of its customers; and

23 (ii) Any rental space that is located in the bank building or on  
24 adjoining land.

25 (3) A banking institution may not invest in its bank building and furnishings  
26 more than an amount that equals 50 percent of its unimpaired capital and surplus or  
27 guaranty fund unless, under conditions that the Bank Commissioner sets, the Bank  
28 Commissioner authorizes a greater amount [as necessary for proper continuance of the  
29 banking business].

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1 (c) (1) Subject to the limitations in paragraphs (2) and (3) of this subsection, a  
2 banking institution may hold any real property that the banking institution acquires:

3 (i) In satisfaction of a debt contracted in the course of its business; or

4 (ii) At sale on a judgment, decree, or mortgage foreclosure under a  
5 security that it holds.

6 (2) At a sale, a banking institution may not bid more than the amount of  
7 money that is necessary to satisfy the secured debts and costs.

8 (3) A banking institution:

9 (i) May not hold property acquired under this subsection for more  
10 than:

11 1. 8 years; and

12 2. Under conditions that the Bank Commissioner sets, 2  
13 additional years; and

14 (ii) Within 1 year after that period, shall:

15 1. Sell the property; or

16 2. Reduce the value of the property on its books to a value that  
17 the Bank Commissioner approves.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
19 October 1, 1996.