
By: Delegate Brinkley

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

Committee Report: Favorable
House action: Adopted
Read second time: March 20, 1996

CHAPTER ____

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

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

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

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

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

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

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

15 (3) A banking institution:

16 (i) May not hold property acquired under this subsection for more
17 than:

18 1. 8 years; and

19 2. Under conditions that the Bank Commissioner sets, 2
20 additional years; and

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

22 1. Sell the property; or

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

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