

As to the minimum par value of capital stock, see § 3-202 (b) (7) of this title.

3-303. LOANS FOR STOCK SUBSCRIPTION.

A COMMERCIAL BANK MAY NOT MAKE ANY LOAN THE PROCEEDS OF WHICH ARE TO BE USED TO PAY FOR ANY PART OF A SUBSCRIPTION TO ITS CAPITAL STOCK UNLESS THE LOAN IS SECURED ADEQUATELY BY OTHER COLLATERAL.

REVISOR'S NOTE: This section is new language derived without substantive change from Art. 11, § 81.

In this section, the term "commercial bank", which is defined in § 1-101 of this article, is substituted for references to a "bank or trust company". Although the last sentence of present Art. 11, § 81 defines "bank" to include "savings institutions having a capital stock", that sentence is deleted as obsolete. See revisor's note to § 4-401 of this article.

The term "capital stock" is defined in § 3-101 of this title.

3-304. LOANS ON AND ACQUISITIONS OF OWN STOCK PROHIBITED.

(A) GENERAL RULE.

EXCEPT AS NECESSARY TO PREVENT A LOSS ON A LOAN PREVIOUSLY MADE IN GOOD FAITH, A COMMERCIAL BANK MAY NOT:

(1) MAKE ANY LOAN SECURED BY ANY OF ITS OUTSTANDING CAPITAL STOCK; OR

(2) BUY OR HOLD ANY OF ITS OUTSTANDING CAPITAL STOCK.

(B) REQUIRED DISPOSITION.

IF A COMMERCIAL BANK BUYS OR HOLDS ANY OF ITS OUTSTANDING CAPITAL STOCK, THE COMMERCIAL BANK SHALL SELL THE STOCK AT PUBLIC OR PRIVATE SALE WITHIN:

(1) 1 YEAR AFTER THE DATE OF ACQUISITION; OR

(2) ANY LONGER PERIOD THAT THE BANK COMMISSIONER AUTHORIZES.

REVISOR'S NOTE: This section is new language derived without substantive change from Art. 11, § 80.

Throughout this section, the term "commercial bank", which is defined in § 1-101 of this article, is substituted for references to a "bank or trust company". Although the last sentence of present Art. 11, § 80 defines "bank" to include