

5-503.

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

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

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

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

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

(3) [A] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, A banking institution may not invest in its bank building and furnishings more than an amount that equals 50 percent of its unimpaired capital and surplus or guaranty fund [unless, under conditions that the Commissioner sets, the Commissioner authorizes a greater amount].

(4) IF A BANKING INSTITUTION IS RATED CAMELS 1 OR 2 AND REMAINS WELL CAPITALIZED IN ACCORDANCE WITH THE REQUIREMENTS OF THE FEDERAL DEPOSIT INSURANCE ACT, IT MAY INVEST IN ITS BANK BUILDING AND FURNISHINGS AN AMOUNT EQUIVALENT TO 75 PERCENT OF ITS:

(I) UNIMPAIRED CAPITAL, SURPLUS, AND UNDIVIDED PROFITS; OR

(II) GUARANTY FUND AND UNDIVIDED PROFITS.

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

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

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

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

(3) A banking institution:

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

1. 8 years; and

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