

HOUSE BILL NO. 371

INTRODUCED BY K. WALSH, J. WELBORN

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE BANK ACT TO ALLOW A BANK TO OWN RESIDENTIAL REAL PROPERTY FOR THE PURPOSE OF PROVIDING HOUSING ACCOMMODATIONS FOR ITS EMPLOYEES; AND AMENDING SECTION 32-1-423, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 32-1-423, MCA, is amended to read:

"32-1-423. Real estate that banks may purchase, hold, or convey. (1) (a) Except as provided in subsection (3), A bank organized under the provisions of this chapter may purchase, hold, or convey real estate that:

(i) is for its accommodation in the transaction of its business, but it may not invest an amount exceeding 100% of its paid-up capital and surplus in the lot and building in which the business of the company is or is projected to be carried on, furniture, equipment and fixtures, vaults and safety vaults, and boxes necessary or proper to carry on its banking business if property held for future use as a bank office site is held pursuant to a detailed written business plan formally adopted by the directors of the bank;

(ii) is mortgaged to it in good faith by way of security for loans previously made or money due to the bank;

(iii) is conveyed to it in satisfaction of debts previously contracted in the course of its business;

(iv) it purchases at sales under judgments, decrees, or mortgages held by the bank.

(b) The detailed written business plan required by subsection (1)(a)(i) must include information outlining the manner in which the acquired real estate will be developed for future use as a bank office site, including but not limited to the costs of projected construction, furniture, and equipment and fixtures. The plan must include sufficient information for the department to determine that the property will be used for a future bank office site.

(2) Real estate acquired in the manner set forth in subsections (1)(a)(iii) and (1)(a)(iv) may not be

1 held longer than 5 years from the date of acquisition, unless special written permission is granted by the
2 department. The real estate must be carried on the books of the bank for an amount not greater than its cost to
3 the bank, including costs of foreclosure and other expenses of acquiring title.

4 (3) A bank organized under the provisions of this chapter may purchase, hold, or convey real
5 estate that is residential and used for the exclusive purpose of providing housing accommodations for its
6 employees. Residential real estate that is purchased, held, or conveyed as provided in this subsection is not
7 subject to subsections (1) and (2)."

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