

DOB OPINION 96-010

Date: December 30, 1996

From: John L. Bley, Director, Department of Financial Institutions

Subject:
Regarding certain powers and authorities of Title 32 savings banks.

By letter dated November 7, 1996 you asked us to review a letter from attorney _____ dated November 1, 1996 regarding certain powers and authorities of Title 32 savings banks. The focus of _____'s letter concerns the broad authority granted Title 32 savings banks by the 1996 legislature.

_____’s focuses in two areas: principal investments in real property and commercial lending activities. _____ concludes that as a result of the 1996 amendments, a Title 32 savings bank may conduct such authorities subject to prudent regulatory safety and soundness standards. We concur in this opinion. This letter focuses solely on applicable state banking law. You are reminded that Section 24 of the Federal Deposit Insurance Act continues to apply to powers and authorities not authorized by national banks where the bank is not acting as agent.

Should you have any questions, please contact the undersigned.