

7-3-12 Prohibited investments and loans.

(1)

- (a) Except as provided in Subsection (2), a bank may not make an investment or loan described in Subsection (1)(b) if the aggregate of the investments and loans described in Subsections (1)(b)(i) and (ii) plus any indebtedness incurred by any corporation holding the premises of the bank which is an affiliate of the bank, exceeds the greater of:
 - (i) the amount of the capital stock and surplus of the bank; or
 - (ii) 50% of the total capital accounts of the bank.
 - (b) If an investment or loan will violate Subsection (1)(a), a bank may not:
 - (i) invest in its own premises including furniture, fixtures and equipment, or in the stock, bonds, debentures, or other obligations of any corporation holding the premises of the bank; or
 - (ii) make loans to or upon the security of the stock of any corporation holding the bank's premises.
- (2) A bank may make an investment or loan prohibited under Subsection (1) with the prior written approval of the commissioner if the bank can demonstrate reasonable need for the investment or loan to the commissioner.

Amended by Chapter 91, 1997 General Session