

INTERPRETIVE LETTER 93-009 (JULY 2, 1993)

State bank may purchase real estate for use as employee parking lot.

Your letter to *, dated *, has been referred to me for response. In your letter, you requested the approval of the Illinois Commissioner of Banks and Trust Companies ("Commissioner") for the purchase of real estate by * ("Bank") to be used by Bank's employees for parking. Section 5(8) of the Illinois Banking Act, 205 ILCS 5/5(8) (1992), [Ill. Rev. Stat. ch. 17, par. 311(8)] ("Banking Act"), authorizes Bank to purchase the real estate for employee parking, since the use of real estate for such purpose may be viewed as necessary for Bank to conduct its banking business.

According to your letter and the map attached thereto, Bank has provided for customer and employee parking on two sides of the real estate on which Bank's main banking premises is located. Bank has determined that the current parking areas are no longer sufficient to accommodate both customer and employee parking. That determination becomes even more important in the event that Bank decides to expand the size of its main banking premises. Bank's solution to the parking problem is to purchase a parcel of real estate approximately 150 feet away from its main banking premises across the street.

Section 5(8) of the Banking Act authorizes Illinois state banks "[t]o own, possess, and carry as assets all or part of the real estate necessary in or with which to do its banking business...." The Commissioner stated in Interpretive Letter 91-33 that Section 5(8) "has generally been interpreted to be limited to those locations necessary for operating the bank's main office, branches and back-room operations." When a state bank purchases real estate for the purpose of accommodating employee parking, the real estate may be viewed as necessary for the bank to conduct its banking business.

It is our interpretation that Section 5(8) of the Banking Act authorizes Bank to purchase the parcel of real estate described above in order to meet the bank's need for additional employee parking space. Therefore, Section 5(8) does not require Bank to secure the Commissioner's approval in order to purchase the real estate.