

Honorable Lee Brady, page 2 (0-2691)

If the property is being purchased by the bank for the good faith purpose of a banking house, the law is not concerned with the character of the building, its structural peculiarities, the number of stories, the number of separate rooms or offices, and the like; these are matters for the sound business discretion of the Board of Directors. It would be difficult to find a building which had not been built to specifications for a bank that would in all respects be exactly fitted to the demands of a bank purchasing the same. Indeed, it might be difficult to construct a building to specifications suited only to the present needs but to the future needs of a bank undertaking to construct its own banking house. In the present case, surplus rooms, stories, offices and the like, it appears, may be profitably rented by the bank. We cannot close our eyes to the fact that in many instances -- perhaps in most instances -- our better banks occupy their own buildings consisting of several, sometimes many stories, and much, if not most of the floor space is not actually used by the bank in conducting its banking business but is rented out. There can be no valid objection to this if the major good faith purpose of the acquisition or construction of the building be to provide a banking house for the institution.

Under the facts detailed by the bank in its letter which accompanies your request, it is the opinion of this department that the bank does have the corporate power to purchase the building as it proposes to do without violating in any manner Article 512 of our statutes or any other statute or decision regulating such matters.

It would be advisable however for the Banking Commission to approve the contract under Article 512 of the Statutes.

Yours very truly

ATTORNEY GENERAL OF TEXAS

By /s/ Ocie Speer

Ocie Speer
Assistant

OS;db;egw

APPROVED SEP 4, 1940
/s/ GERALD C. MANN
ATTORNEY GENERAL OF TEXAS

APPROVED
Opinion Committee
By B W B
Chairman