

SEC. 2. *And be it further enacted*, That this Act shall take effect June 1, 1957.

Approved April 10, 1957.

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CHAPTER 486

(Senate Bill 496)

AN ACT to add Sub-section 84(c) to Article 23 of the Annotated Code of Maryland (1951 Edition), title "Corporations", sub-title "Foreign Corporations", to follow immediately after Sub-section 84(b) thereof, providing that a foreign corporation shall not be considered to be doing business in Maryland by reason of foreclosure of mortgages and deeds of trust on Maryland property, or otherwise acquiring title to property as a result of default under mortgages or deeds of trust, or by reason of certain activities in regard to the property so acquired.

WHEREAS, A ready supply of mortgage funds is essential to the maintenance and expansion of the home building and construction industries in Maryland to furnish vitally needed housing for Maryland residents and continued employment in the building trades; and

WHEREAS, There are large sources of mortgage funds which are unavailable for investment in Maryland real property mortgages because of uncertainty as to the possible legal consequences under Maryland law; and

WHEREAS, It has been ruled by the Attorney General of Maryland that foreign corporations which own mortgages or deeds of trust on Maryland real estate and collect the income and principal thereof are not thereby "doing business" in Maryland and are not obliged to qualify to do business in Maryland, but that if it should become necessary for the foreign corporation to foreclose or otherwise acquire title to the real estate and to manage, sell, rent, or otherwise dispose of the same, these activities, might amount to doing business in Maryland and thereby subject the corporation to certain possible obligations and liabilities, including the obligation to qualify to do business in Maryland; and

WHEREAS, The possibility that such activities might amount to "doing business" under Maryland law has discouraged certain foreign corporations, in particular banks and trust companies administering pension funds in other states, from making funds available to Maryland borrowers; now therefore

SECTION 1. *Be it enacted by the General Assembly of Maryland*, That Sub-section 84(c) be and it is hereby added to Article 23 of the Annotated Code of Maryland (1951 Edition), title "Corpora-

EXPLANATION: *Italics indicate new matter added to existing law.*

[Brackets] indicate matter stricken from existing law.

CAPITALS indicate amendments to bill.

~~Strike out~~ indicates matter stricken out of bill.