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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Corporate Decision #96-66**  
**December 1996**

November 27, 1996

Mr. J. Daniel Stinnett  
Sr. Vice President and General Counsel  
Commerce Bancshares, Inc.  
1000 Walnut Street  
P.O. Box 13686  
Kansas City, Missouri 64199-3686

Re: Notice of Commerce Bank, National Association to establish an operating subsidiary  
Application Control Number: 96-MW-08-0053

Dear Mr. Stinnett:

This is in response to your operating subsidiary notification filed on behalf of Commerce Bank, National Association, Kansas City, Missouri (the "bank"). The bank proposes to establish a second tier operating subsidiary to be known as Commerce Realty Corp. The subsidiary will hold a portion of the bank's commercial and residential real estate loan portfolio.

The subsidiary will be organized to qualify as a Real Estate Investment Trust ("REIT") under the Internal Revenue Code of 1986. The bank will indirectly own 100% of the common and 85% of the preferred stock of the REIT. To maintain the REIT qualification, the subsidiary will issue 110 shares of preferred stock to 110 directors, officers, and employees of the bank and its affiliates. The preferred stock will have a face value of \$1,000 and will have no voting rights except in the event of a dividend default or when class voting is specifically required by Missouri law.

We conclude that the subsidiary's proposed activities are authorized under 12 U.S.C. §§ 24 (Seventh) and 371. Accordingly, the Bank is hereby approved to establish the subsidiary. Please be advised that this approval is based upon oral representations and the representations in your letters of October 18, 1996 and November 5, 1996.

Mr. J. Daniel Stinnett  
Application Control Number: 96-MW-08-0053  
Page 2

If you have any questions concerning this letter, please contact National Bank Examiner Michael Copeland at (816) 556-1860.

Sincerely,

/s/

Troy Dixon  
Director, Corporate Activity  
Bank Organization and Structure

