

**SB783 OFR Letter of Support.docx.pdf**

Uploaded by: Amy Hennen

Position: FAV

February 27, 2026

**Re: Letter of Support**

Dear Chair, Vice-Chair, and Members of the Committee,

The Office of Financial Regulation (OFR) is Maryland's state consumer financial protection agency. OFR provides this testimony in support of Senate Bill 783, Credit Unions - Mergers and Consolidations - Alteration of Voting Requirement.

**Bill Summary**

Senate Bill 783 is designed to modify the procedure for credit union mergers in the State of Maryland. Specifically, it provides that a surviving credit union in a credit union merger transaction need not obtain member approval to engage in such a transaction if its board has approved the transaction. The surviving credit union retains the **option** to hold a member vote on the transaction, but under the bill they are not required to do so as the bill lets management exercise their discretion on that issue. This modernization aims to streamline processes, reduce administrative burden, and align state requirements more closely with those followed by federal credit unions, enhancing the competitiveness of the Maryland credit union charter.

**Impact and OFR's Role**

The Office of Financial Regulation (OFR) is the designated state agency responsible for chartering Maryland credit unions and overseeing merger and acquisition activity. This authority ensures that new credit unions meet standards for financial soundness and that any merger protects the interests of Maryland consumers, businesses, and communities. OFR's review of mergers includes assessing the financial strength of the surviving credit union, the impact on competition and access to services, and compliance with all applicable State and federal requirements.

**Key Features of HB1049**

- **Required Board Approval:** The boards of directors for *each* credit union involved must pass a resolution declaring the merger advisable, ensuring fiduciary oversight and formal accountability.
- **Member Voting - Merging Credit Union:** The board of the **merging** credit union(s) **must** schedule a date for a member vote. Unless waived by the Commissioner, the merger requires an affirmative vote from the members of the **merging** credit union(s).

- **Member Voting - Surviving Credit Union:** The board of the **surviving** credit union **may** schedule a date for a member vote.
- **Waiver of Surviving Credit Union Vote:** This bill waives the requirement of a formal member vote for the surviving credit union. Traditionally, these transactions have minimal impact on members' rights, services, or ownership interests.

### **Benefits of the Clarified Framework**

The bill facilitates timely institutional restructuring, preserves service continuity, and supports the long-term strength of credit unions in Maryland by:

- Providing statutory certainty and procedural transparency regarding the member vote waiver.
- Modernizing and streamlining processes to better accord with federal credit union authorities, enhancing market stability, and the benefits of the Maryland credit union charter.

### **Bottom Line**

Because Senate Bill 783 modernizes and streamlines processes, aligns with federal credit union authorities, and enhances the state's competitiveness, the Office of Financial Regulation requests a **favorable Committee Report**.

# **SB783 - Credit Unions - Mergers and Consolidations**

Uploaded by: Rory Murray

Position: FAV



Engage · Influence · Impact

Chair Pam Beidle  
3 East  
Miller Senate Office Building  
Annapolis, Maryland 21401

Re: SB783 - Credit Unions - Mergers and Consolidations - Alteration of Voting Requirement  
Organization – MD|DC Credit Union Association  
Position - Support

Chair Beidle, Vice Chair Hayes, and Members of the Committee,

The MD|DC Credit Union Association, on behalf of the 65 Credit Unions and their 2.3 million members that we represent in the State of Maryland, appreciates the opportunity to testify in support of this legislation. Credit Unions are member-owned, not-for-profit financial cooperatives that prioritize the financial well-being of their members.

### **Purpose of the bill**

This bill makes a narrow, technical change to bring Maryland’s state-chartered credit union merger process into alignment with the Federal Credit Union Act. Under federal law, only the members of the *merging* credit union are required to vote on a proposed merger. Under current Maryland law, both the merging credit union and the surviving credit union must obtain member approval before a merger may be completed. The bill simply conforms Maryland statute so that only the members of the merging state-chartered credit union vote on a merger, unless the Commissioner provides otherwise.

### **Why change is needed**

- The extra Maryland vote adds several months to the merger timeline and meaningfully increases legal, mailing, and meeting costs, particularly for small institutions that are already resource constrained.
- There are only seven Maryland state-chartered credit unions, compared with roughly 60 federally chartered credit unions operating in the state. This disparity means that a very small number of institutions, and their members, face a more burdensome and less competitive process than their federal peers for the same type of transaction.
- In practice, members of the surviving credit union are not being asked to take on new risk; they are simply continuing as members of the same institution with the same charter, and their interests are already represented through the existing board approval, safety-and-soundness review by the Commissioner, and the detailed plan of merger that must be submitted.

### **What the bill does**

- Retains all existing safeguards, including:
  - Requirement that a majority of the board of each credit union approve the plan of merger.

- Detailed plan of merger specifying the surviving institution’s field of membership and other key terms.
  - The Commissioner’s existing authority to waive member votes or substitute another reasonable method of determining member approval when appropriate.
- Clarifies that:
  - Member approval is required only from *the merging* credit union’s members, by majority of those who vote.

### **Benefits for consumers and the system**

- **Member protection remains strong:** Members of the merging credit union retain a direct vote on whether to approve the merger, and the Commissioner continues to oversee the transaction to ensure safety, soundness, and fairness.
- **Lower cost and delay:** Eliminating the redundant vote at the surviving credit union reduces postage, meeting, and legal expenses that ultimately come out of members’ pockets, and shortens the time it takes to complete a merger when a struggling institution needs a stronger partner.
- **Charter parity and competitive neutrality:** Aligning Maryland’s statute with the Federal Credit Union Act gives state-chartered credit unions the same merger framework as their federal counterparts, reducing the incentive to abandon the state charter solely because of procedural hurdles. This supports a healthy dual-chartering system and preserves state oversight and innovation.

### **Conclusion**

For these reasons, the MD|DC Credit Union Association respectfully urges a favorable report on this legislation. This is a modest, pro-consumer, pro-safety-and-soundness change that preserves member voting rights where they matter most, at the merging institution, while removing unnecessary costs and delays that only a handful of Maryland-chartered credit unions currently bear.

Respectfully submitted,

Sincerely,



John Bratsakis  
President/CEO  
MD|DC Credit Union Association  
9891 Broken Land, Suite 405  
Columbia, MD 21046

# **Carrington 2026 SB783 Credit Union.pdf**

Uploaded by: Darrell Carrington

Position: UNF



**CARRINGTON & ASSOCIATES, LLC**

*Integrity.Passion.Results*

*Since 2006*

## **Senate Bill 783 – Credit Unions – Mergers and Consolidations – Alteration of Voting Requirement**

### **OPPOSE**

Carrington & Associates, LLC works with financial institutions, nonprofit organizations, and public sector partners throughout Maryland. We appreciate the intent behind SB 783 and understand that unusual circumstances can arise during the merger process. However, this legislation creates a permanent and blanket statutory exemption to address what appears to be a particular situation. That approach risks unintended consequences for future mergers and consolidations that the legislation cannot fully anticipate. We regret that we did not have an opportunity to schedule a meeting with the bill sponsors to discuss this legislation in more detail. We never intended to blindside the Sponsors of this thoughtful legislation.

The existing membership voting requirement is a fundamental element of the cooperative structure of credit unions. It provides transparency, accountability, and an important balance between institutional leadership and member interests. Removing that requirement on a general basis shifts decision-making authority in ways that may affect future negotiations and governance dynamics in circumstances very different from those that may have prompted this legislation.

A statutory change of this scope may unintentionally weaken the negotiating position of future boards and members in merger discussions. Circumstances such as leadership transitions, institutional challenges, or the unexpected death or departure of key individuals can alter the context of a merger in ways that cannot be fully contemplated in advance. The current framework preserves flexibility while maintaining appropriate safeguards.

If an extraordinary situation exists, it is more appropriate to address that circumstance through targeted regulatory action or a narrowly tailored solution rather than a broad and permanent change to State law.

For these reasons, Carrington & Associates, LLC respectfully requests an unfavorable report on Senate Bill 783.