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**By: Chairman, Commerce and Government Matters Committee (Departmental - Labor, Licensing and Regulation)**

Introduced and read first time: February 14, 1996

Assigned to: Commerce and Government Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Commissioner of Financial Regulation**

3 FOR the purpose of creating and establishing the office of Commissioner of Financial  
4 Regulation as a unit of the Department of Labor, Licensing and Regulation;  
5 providing for the appointment of the Commissioner of Financial Regulation and  
6 Deputy Commissioner of Financial Regulation; establishing the authority and duties  
7 of the Commissioner of Financial Regulation; abolishing the offices of State Bank  
8 Commissioner and Commissioner of Consumer Credit and transferring the duties,  
9 responsibilities, authority, and functions of these offices to the office of  
10 Commissioner of Financial Regulation; altering the times at which credit unions are  
11 examined; and generally relating to the office of Commissioner of Financial  
12 Regulation.

13 BY repealing and reenacting, with amendments,  
14 Article - Business Regulation  
15 Section 2-108(a), 5-407(g), 7-101(d), and 7-201  
16 Annotated Code of Maryland  
17 (1992 Replacement Volume and 1995 Supplement)

18 BY repealing and reenacting, with amendments,  
19 Article - Commercial Law  
20 Section 12-115(j), 12-301(b), 12-514(a), 12-631(a), 12-701(c), 12-706, 12-915(c),  
21 12-916(a), 12-918(a)(1), 12-921(j)(3), 12-1015(c), 12-1016(a), 12-1018(a)(1),  
22 12-1021(j), 14-1201(j), 14-1206(a), 14-1217, 14-1706(a), 14-1901(g),  
23 14-2007(e)(1), and 14-2009(d)  
24 Annotated Code of Maryland  
25 (1990 Replacement Volume and 1995 Supplement)

26 BY repealing  
27 Article - Commercial Law  
28 Section 12-514(e), 12-631(e), 12-916(e), and 12-1016(e)  
29 Annotated Code of Maryland  
30 (1990 Replacement Volume and 1995 Supplement)

1 BY repealing and reenacting, with amendments,  
2 Article - Education  
3 Section 18-1013  
4 Annotated Code of Maryland  
5 (1992 Replacement Volume and 1995 Supplement)

6 BY repealing and reenacting, with amendments,  
7 Article - Estates and Trusts  
8 Section 14-103(g)(2), 14-110(b), 15-104(b), and 15-114(g)  
9 Annotated Code of Maryland  
10 (1991 Replacement Volume and 1995 Supplement)

11 BY repealing and reenacting, with amendments,  
12 Article - Financial Institutions  
13 Section 1-301(b)(5) and (d); 2-101, 2-102, 2-103, 2-104, 2-105, 2-106, 2-107,  
14 2-108, 2-109, 2-110, 2-111, 2-112 to be under the amended subtitle "Subtitle  
15 1. Commissioner of Financial Regulation" and the amended title "Title 2.  
16 Commissioner and Boards", 2-203, 2-204, 2-401, 3-203, 3-204, 3-208,  
17 3-209(a), 3-212, 3-213(d) and (e), 3-302, 3-304(b), 3-305, 3-307(a),3-309(b),  
18 3-312, 3-313(a), 3-314(c) and (d), 3-315(a) and (c), 3-408, 3-508, 3-603,  
19 3-605, 3-607(c) and (e), 3-703, 3-704, 3-705, 3-706, 3-707, 3-709, 3-710,  
20 3-712, 3-720(c) and (d), 3-801(g), 3-802, 3-803, 4-203, 4-204, 4-206(b)(8),  
21 4-207, 4-208(a), 4-209(b), 4-210(c) and (d), 4-301(a), 4-302, 4-507,4-603,  
22 4-701, 4-702(c) and (d), 4-802(a), (e), and (f), 4-803, 4-804(a) and(d), 4-806,  
23 4-903, 4-906, 4-907, 4-908, 4-909, 5-101(c), 5-201(a), 5-202, 5-203,5-204,  
24 5-206, 5-206.1, 5-207, 5-208, 5-209, 5-308, 5-403, 5-404, 5-405, 5-406, 5-407,  
25 5-502, 5-503, 5-504, 5-511, 5-601, 5-602, 5-603, 5-604, 5-605, 5-607(b),  
26 5-609, 5-610, 5-612, 5-703(b), 5-801, 5-802, 5-807(b), 5-808, 5-809,  
27 5-901(h), 5-1008(a), 5-1009, 5-1010, 5-1011, 5-1012, 5-1014(a), 5-1101(d),  
28 5-1103(c) and (e)(2), 6-102, 6-204, 6-205, 6-207(4), 6-208, 6-210, 6-211.1(a),  
29 6-219(b), 6-220(a), 6-222(b), 6-302(e), 6-303, 6-304, 6-305, 6-306, 6-307,  
30 6-307.1, 6-307.2, 6-307.3, 6-308, 6-505, 6-506(a), 6-601(b), 6-602(a)(6) and  
31 (b), 6-603(a), 6-604, 6-605, 6-607, 6-701, 6-701.1, 6-702, 6-703, 6-704,  
32 7-103(10), 7-104, 7-106, 7-107(a) and (c), 7-109(f), 7-111, 7-113, 9-101(e)  
33 and (f), 9-208.1(b)(3), 9-216(g), 9-631(3), 9-632, 9-633, 9-634, 9-635(a),  
34 9-637, 9-638, 9-640(b), 9-1102, 9-1105, 9-1106(a), 9-1107(c), 9-1108,  
35 11-201(b), 11-302(b), 11-401(e), 11-501(c), 11-503, 12-207, 12-208(a),  
36 12-209, 12-210, 12-211, 12-401, 12-403, 12-404, 12-405, 12-406, 12-407,  
37 12-408, 12-409, 12-410, 12-411, 12-412, 12-413, 12-417, 12-418(a), 12-419,  
38 12-420, 12-421(a), 12-422, 12-701, 12-702, 12-703, 12-705, 12-706, 12-707,  
39 12-708, 12-709, and 12-802  
40 Annotated Code of Maryland  
41 (1992 Replacement Volume and 1995 Supplement)

42 BY adding to  
43 Article - Financial Institutions

3

1 Section 2-105.1  
2 Annotated Code of Maryland  
3 (1992 Replacement Volume and 1995 Supplement)

4 BY repealing

5 Article - Financial Institutions  
6 Section 11-101 through 11-106 and the subtitle "Subtitle 1. Commissioner of  
7 Consumer Credit"  
8 Annotated Code of Maryland  
9 (1992 Replacement Volume and 1995 Supplement)

10 BY repealing and reenacting, with amendments,

11 Article - State Finance and Procurement  
12 Section 6-209(c) and 6-210(a)(3)  
13 Annotated Code of Maryland  
14 (1995 Replacement Volume and 1995 Supplement)

15 BY repealing and reenacting, with amendments,

16 Article - State Government  
17 Section 8-403(b)  
18 Annotated Code of Maryland  
19 (1995 Replacement Volume and 1995 Supplement)

20 BY repealing and reenacting, with amendments,

21 Article - Transportation  
22 Section 13-623(a)  
23 Annotated Code of Maryland  
24 (1992 Replacement Volume and 1995 Supplement)

25 BY repealing and reenacting, with amendments,

26 Article 88B - Department of State Police  
27 Section 35  
28 Annotated Code of Maryland  
29 (1995 Replacement Volume)

30 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
31 MARYLAND, That the Laws of Maryland read as follows:

32 **Article - Business Regulation**

33 2-108.

34 (a) The following units are in the Department:

35 (1) the Division of Labor and Industry.

36 (2) the Division of Employment and Training.

4

- 1 (3) [the State Bank Commissioner.
- 2 (4)] the Commissioner of [Consumer Credit] FINANCIAL REGULATION.
- 3 [(5)] (4) the Banking Board.
- 4 [(6)] (5) the State Board of Architects.
- 5 [(7)] (6) the State Athletic Commission.
- 6 [(8)] (7) the State Board of Barbers.
- 7 [(9)] (8) the Board of Boiler Rules.
- 8 [(10)] (9) the State Collection Agency Licensing Board.
- 9 [(11)] (10) the State Board of Cosmetologists.
- 10 [(12)] (11) the State Board of Master Electricians.
- 11 [(13)] (12) the Board of Examining Engineers.
- 12 [(14)] (13) the State Board for Professional Engineers.
- 13 [(15)] (14) the State Board of Foresters.
- 14 [(16)] (15) the State Board of Heating, Ventilation, Air Conditioning and  
15 Refrigeration Contractors.
- 16 [(17)] (16) the Maryland Home Improvement Commission.
- 17 [(18)] (17) the State Board of Certified Interior Designers.
- 18 [(19)] (18) the State Board of Examiners of Landscape Architects.
- 19 [(20)] (19) the State Board for Professional Land Surveyors.
- 20 [(21)] (20) the State Board of Pilots.
- 21 [(22)] (21) the State Board of Plumbing.
- 22 [(23)] (22) the State Board of Public Accountancy.
- 23 [(24)] (23) the State Racing Commission.
- 24 [(25)] (24) the State Real Estate Commission.
- 25 [(26)] (25) the State Commission of Real Estate Appraisers.
- 26 [(27)] (26) the Real Estate Hearing Board.
- 27 [(28)] (27) the State of Maryland Deposit Insurance Fund Corporation.
- 28 [(29)] (28) the Maryland Jockey Injury Compensation Fund, Inc.
- 29 [(30)] (29) the State Amusement Ride Safety Advisory Board.

[(31)] (30) the Occupational Safety and Health Advisory Board.

5

1 [(32)] (31) the Maryland-Bred Race Fund Advisory Committee.

2 [(33)] (32) the Maryland Standardbred Race Fund Advisory Committee.

3 [(34)] (33) the Advisory Council on Prevailing Wage Rates.

4 [(35)] (34) the Advisory Committee on the Wage and Hour Law.

5 5-407.

6 (g) (1) Except as otherwise provided in this subsection, each trustee shall  
7 submit to the [State Bank] Commissioner OF FINANCIAL REGULATION an annual  
8 statement of account of the money in each trust account.

9 (2) A savings and loan association shall submit the annual statement of  
10 account to the State Director of the Division of Savings and Loan Associations.

11 7-101.

12 (d) "Commissioner" means the Commissioner of [Consumer Credit] FINANCIAL  
13 REGULATION.

14 7-201.

15 There is a State Collection Agency Licensing Board in the Office of the  
16 Commissioner [of Consumer Credit] in the Department.

17 **Article - Commercial Law**

18 12-115.

19 (j) (1) The lender shall sell the repossessed goods at private sale (subject to the  
20 provisions of paragraph (2) of this subsection) or at public auction. At least 10 days  
21 before the sale, the lender shall notify the borrower in writing sent by certified mail,  
22 return receipt requested, sent to the borrower's last known address of the time and place  
23 of sale. Any sale of repossessed property must be accomplished in a commercially  
24 reasonable manner.

25 (2) In all cases of a private sale of repossessed goods under this section, a  
26 full accounting shall be made to the borrower in writing and the seller shall file a copy of  
27 this accounting with the Commissioner [of Consumer Credit]. This accounting shall  
28 contain the following information:

29 (i) The unpaid balance at the time the goods were repossessed;

30 (ii) The refund credit of unearned finance charges and insurance  
31 premiums, if any;

32 (iii) The remaining net balance;

33 (iv) The proceeds of the sale of the goods;

34 (v) The remaining deficiency balance, if any, or the amount due the  
35 buyer;

36 (vi) All expenses incurred as a result of the sale;

6

1 (vii) The requirement that the purchaser's name, address, and business  
2 must be filed by the seller with the Commissioner [of Consumer Credit] and that the  
3 Commissioner may provide that information to the borrower where it is necessary to  
4 ascertain that:

5 1. The sale was accomplished in a commercially reasonable  
6 manner; and

7 2. Any alleged deficiency balance due the seller is, in fact, due;

8 (viii) The number of bids sought and received; and

9 (ix) Any statement as to the condition of the goods at the time of  
10 repossession which would cause their value to be increased or decreased above or below  
11 the market value for goods of like kind and quality.

12 (3) In addition to the information required under paragraph (2) of this  
13 subsection, the seller shall file with the Commissioner [of Consumer Credit] the  
14 purchaser's name, address, and business address. The Commissioner may provide to the  
15 borrower the purchaser's name, address, and business address if the Commissioner  
16 determines that the borrower must have the information in order to ascertain that:

17 (i) The sale was accomplished in a commercially reasonable manner;  
18 and

19 (ii) Any alleged deficiency balance due the seller is, in fact, due.

20 (4) The Commissioner [of Consumer Credit] may make a determination  
21 concerning any private sale that the sale was not accomplished in a commercially  
22 reasonable manner. Upon that determination, the Commissioner may enter an order  
23 disallowing any claim for a deficiency balance.

24 12-301.

25 (b) "Commissioner" means the Commissioner [of Consumer Credit].

26 12-514.

27 (a) If a complaint for violation of any provision of this subtitle is filed with the  
28 Commissioner [of Consumer Credit], he may investigate the complaint and hold a  
29 hearing on it in accordance with § 11-413 of the Financial Institutions Article.

30 [(e) For purposes of this section, the Commissioner's order may not apply to any:

31 (1) Incorporated bank, savings institution, or trust company; or

32 (2) A savings and loan association.]

33 12-631.

34 (a) If a complaint for violation of any provision of Part II of this subtitle is filed  
35 with the Commissioner [of Consumer Credit], he may investigate the complaint and hold  
36 a hearing on it in accordance with § 11-413 of the Financial Institutions Article.

7

1 [(e) For the purposes of this section, the Commissioner's order may not apply to  
2 any:

3 (1) Incorporated bank, savings institution, or trust company;

4 (2) A savings and loan association; or

5 (3) A federal credit union or State chartered credit union.]

6 12-701.

7 (c) "Commissioner" means the Commissioner of [Consumer Credit,  
8 FINANCIAL REGULATION [except when used concerning actions of a bank, trust  
9 company, or savings bank organized under the laws of any state and having a branch in  
10 this State, when it shall mean the State Bank Commissioner].

11 12-706.

12 The provisions of this subtitle shall be administered by the Commissioner of  
13 [Consumer Credit] FINANCIAL REGULATION [except that the State Bank  
14 Commissioner shall have sole jurisdiction for administration of banking institutions as  
15 defined in § 1-101 of the Financial Institutions Article].

16 12-915.

17 (c) If a license is required by this section, it shall be issued by the Commissioner  
18 [of Consumer Credit].

19 12-916.

20 (a) If a written complaint for violation of any provision of this subtitle, including  
21 the disclosure requirements of this subtitle and the federal Truth-in-Lending Act and  
22 regulations promulgated thereunder, or any other law of this State that regulates loans or  
23 other extensions of credit is filed with the Commissioner of FINANCIAL REGULATION  
24 [Consumer Credit], the Commissioner may investigate the complaint and hold a hearing  
25 on it in accordance with § 11-413 of the Financial Institutions Article.

26 [(e) For purposes of this section:

27 (1) "Complaining party" means an individual who files a written complaint  
28 with the Commissioner pursuant to this section.

29 (2) "Commissioner" means, and the rights of the "Commissioner" vest  
30 exclusively in, the State Bank Commissioner if the complaint is filed against a bank, trust  
31 company, savings bank, or credit union organized under the laws of any state and having  
32 a branch in this State.

33 (3) The jurisdiction of the Commissioner of Consumer Credit does not apply  
34 to any:

35 (i) Incorporated bank, savings institution, or trust company;

36 (ii) Savings and loan association; or

37 (iii) Federal or State credit union.]



8

1 12-918.

2 (a) (1) In this subsection, "notice" means the first to occur of the following:

3 (i) When the credit grantor receives a written notice from the  
4 borrower notifying the credit grantor of an error or violation;

5 (ii) When the credit grantor receives a written notice from the  
6 Commissioner [of Consumer Credit] or the appropriate regulatory authority notifying  
7 the credit grantor of an error or violation; or

8 (iii) When the credit grantor receives service of process in a civil action  
9 for an error or violation instituted by the borrower in a court of competent jurisdiction.

10 12-921.

11 (j) (3) The Commissioner [of Consumer Credit] may make a determination  
12 concerning any private sale that the sale was not accomplished in a commercially  
13 reasonable manner. Upon that determination, the Commissioner may enter an order  
14 disallowing any claim for a deficiency balance.

15 12-1015.

16 (c) If a license is required by this section, it shall be issued by the Commissioner  
17 [of Consumer Credit].

18 12-1016.

19 (a) If a written complaint for violation of any provision of this subtitle, including  
20 the disclosure requirements of this subtitle and the federal Truth-in-Lending Act and  
21 regulations promulgated thereunder, or any other law of this State that regulates loans or  
22 other extensions of credit is filed with the Commissioner of [Consumer Credit]  
23 FINANCIAL REGULATION, the Commissioner may investigate the complaint and hold a  
24 hearing on it in accordance with § 11-413 of the Financial Institutions Article.

25 [(e) For purposes of this section:

26 (1) "Complaining party" means an individual who files a written complaint  
27 with the Commissioner pursuant to this section.

28 (2) "Commissioner" means, and the rights of the "Commissioner" vest  
29 exclusively in, the State Bank Commissioner if the complaint is filed against a bank, trust  
30 company, savings bank, or credit union organized under the laws of any state and having  
31 a branch in this State.

32 (3) The jurisdiction of the Commissioner of Consumer Credit does not apply  
33 to any:

34 (i) Incorporated bank, savings institution, or trust company;

35 (ii) Savings and loan association; or

36 (iii) Federal or State credit union.]

9

1 12-1018.

2 (a) (1) In this subsection, "notice" means the first to occur of the following:

3 (i) When the credit grantor receives a written notice from the  
4 borrower notifying the credit grantor of an error or violation;

5 (ii) When the credit grantor receives a written notice from the  
6 Commissioner [of Consumer Credit] or the appropriate regulatory authority notifying  
7 the credit grantor of an error or violation; or

8 (iii) When the credit grantor receives service of process in a civil action  
9 for an error or violation instituted by the borrower in a court of competent jurisdiction.

10 12-1021.

11 (j) (1) (i) Subject to subsection (1) of this section, the credit grantor shall sell  
12 the property that was repossessed at:

13 1. Subject to paragraph (2) of this subsection, a private sale; or

14 2. A public auction.

15 (ii) At least 10 days before the sale, the credit grantor shall notify the  
16 consumer borrower in writing of the time and place of the sale, by certified mail, return  
17 receipt requested, sent to the consumer borrower's last known address.

18 (iii) Any sale of repossessed property must be accomplished in a  
19 commercially reasonable manner.

20 (2) In all cases of a private sale of repossessed goods under this section, a  
21 full accounting shall be made to the borrower in writing and the seller shall file a copy of  
22 this accounting with the Commissioner [of Consumer Credit]. This accounting shall  
23 contain the following information:

24 (i) The unpaid balance at the time the goods were repossessed;

25 (ii) The refund credit of unearned finance charges and insurance  
26 premiums, if any;

27 (iii) The remaining net balance;

28 (iv) The proceeds of the sale of the goods;

29 (v) The remaining deficiency balance, if any, or the amount due the  
30 buyer;

31 (vi) All expenses incurred as a result of the sale;

32 (vii) The requirement that the purchaser's name, address, and business  
33 must be filed by the seller with the Commissioner [of Consumer Credit] and that the  
34 Commissioner may provide the information to the borrower whenever it is necessary to  
35 ascertain that:

10

1 1. The sale was accomplished in a commercially reasonable  
2 manner; and

3 2. Any alleged deficiency balance due the seller is, in fact, due;

4 (viii) The number of bids sought and received; and

5 (ix) Any statement as to the condition of the goods at the time of  
6 repossession which would cause their value to be increased or decreased above or below  
7 the market value for goods of like kind and quality.

8 (3) In addition to the information required under paragraph (2) of this  
9 subsection, the seller shall file with the Commissioner [of Consumer Credit] the  
10 purchaser's name, address, and business address. The Commissioner may provide to the  
11 borrower the purchaser's name, address, and business address if the Commissioner  
12 determines that the borrower must have the information in order to ascertain that:

13 (i) The sale was accomplished in a commercially reasonable manner;  
14 and

15 (ii) Any alleged deficiency balance due the seller is, in fact, due.

16 (4) The Commissioner [of Consumer Credit] may make a determination  
17 concerning any private sale that the sale was not accomplished in a commercially  
18 reasonable manner. Upon that determination, the Commissioner may enter an order  
19 disallowing any claim for a deficiency balance.

20 14-1201.

21 (j) "Commissioner" means the Commissioner of Consumer Credit of the  
22 Department of Labor, Licensing, and Regulation.

23 14-1206.

24 (a) A consumer reporting agency shall, upon request and proper identification of  
25 a consumer, provide the consumer:

26 (1) An exact copy of any file on that consumer except any part of the file  
27 which contains medical information;

28 (2) A written explanation of codes or trade language used;

29 (3) A description of the rights of the consumer under this subtitle; and

30 (4) The name, address, and telephone number of the Commissioner [of  
31 Consumer Credit].

32 14-1217.

33 (a) Any consumer who has reason to believe that this subtitle, or any other law  
34 regulating consumer credit reporting, has been violated by any person may file with the  
35 Commissioner OF FINANCIAL REGULATION a complaint setting forth the details of  
36 an alleged violation.

11

1 (b) After receipt of the complaint, the Commissioner may inspect the pertinent  
2 books, records, letters and contracts of any agency, and of any person who has furnished  
3 information to the agency relating to the specific written complaint.

4 [(c) The Bank Commissioner has exclusive jurisdiction to handle any complaint  
5 made under this subtitle against a banking institution or credit union.]

6 14-1706.

7 (a) If a written complaint for violation of any provision of this subtitle or any  
8 other law of this State regulating loans or other extensions of credit is filed with the  
9 Commissioner of [Consumer Credit] FINANCIAL REGULATION, the Commissioner  
10 may investigate the complaint and hold a hearing on it in accordance with § 11-413 of the  
11 Financial Institutions Article.

12 14-1901.

13 (g) "Commissioner" means the Commissioner of [Consumer Credit]  
14 FINANCIAL REGULATION of the Department of Labor, Licensing, and Regulation.

15 14-2007.

16 (e) (1) If a complaint for violation of any provision of this subtitle is filed with  
17 the Commissioner of [Consumer Credit] FINANCIAL REGULATION, the  
18 Commissioner may investigate the complaint and hold a hearing on it in accordance with  
19 § 11-413 of the Financial Institutions Article.

20 14-2009.

21 (d) The Commissioner [of Consumer Credit] may make a determination  
22 concerning any private sale that the sale was not accomplished in a commercially  
23 reasonable manner. Upon that determination, the Commissioner may enter an order  
24 disallowing any claim for a deficiency balance.

25 **Article - Education**

26 18-1013.

27 (a) The Corporation is subject to the supervision and examination of the [Bank]  
28 Commissioner OF FINANCIAL REGULATION, but is not:

29 (1) A banking organization; or

30 (2) Required to pay a fee for supervision or examination.

31 (b) At the end of each fiscal year, the Corporation shall make an annual report of  
32 its condition to the Governor, to the [Bank] Commissioner, to the Maryland Higher  
33 Education Commission, and, subject to § 2-1312 of the State Government Article, to the  
34 General Assembly.

35 **Article - Estates and Trusts**

36 14-103.

37 (g) (2) A trustee shall file a schedule of rates under this subsection as follows:

12

1 (i) For a savings and loan association, with the State Director of the  
2 Division of Savings and Loan Associations;

3 (ii) For all other trustees, including attorneys and Statechartered and  
4 national banks, with the [State Bank Commissioner] COMMISSIONER OF FINANCIAL  
5 REGULATION; and

6 (iii) For a trustee administering an estate under the jurisdiction of a  
7 court, also with the trust clerk of the court.

8 14-110.

9 (b) (1) A bank, trust company, or savings bank described in subsection (a)(4) of  
10 this section may exercise trust or fiduciary powers in this State only if the laws of the state  
11 where its principal place of business is located authorize a bank, trust company, or savings  
12 bank from this State to exercise trust or fiduciary powers in that state.

13 (2) A bank, trust company, or savings bank authorized to exercise trust  
14 powers under subsection (a)(4) of this section shall file with the [State Bank  
15 Commissioner] COMMISSIONER OF FINANCIAL REGULATION, prior to  
16 exercising trust powers in this State, information sufficient to identify:

17 (i) The correct corporate name of the bank, trust company, or savings  
18 bank;

19 (ii) An address and telephone number of a contact person for the  
20 bank, trust company, or savings bank;

21 (iii) A resident agent; and

22 (iv) Any additional information considered necessary by the [Bank]  
23 Commissioner for protection of the public.

24 15-104.

25 (b) A bank or trust company depositing securities pursuant to this section is  
26 subject to the rules and regulations as, in the case of State chartered institutions, the  
27 [bank commissioner] COMMISSIONER OF FINANCIAL REGULATION and, in the case of  
28 national banking associations, the comptroller of the currency may issue from time to  
29 time. A bank or trust company acting as custodian for a fiduciary, on demand by the  
30 fiduciary, shall certify in writing to the fiduciary the securities so deposited by the bank or  
31 trust company in the clearing corporation for the account of the fiduciary.

32 15-114.

33 (g) This section shall apply to any person who:

34 (1) Is a trustee, guardian, conservator, committee, custodian under the  
35 Maryland Uniform Transfers to Minors Act, investment manager, or investment advisor;  
36 and

37 (2) Files with the [State Bank] Commissioner OF FINANCIAL  
38 REGULATION a statement that the person elects to have this section apply to all fiduciary  
39 assets controlled by the person.

13

1 **Article - Financial Institutions**

2 1-301.

3 (b) "Fiduciary institution" means:

4 (5) Any other organization that is organized under the banking laws of this  
5 State and subject to the supervision of the [Bank] Commissioner OF FINANCIAL  
6 REGULATION; or

7 (d) "Supervisory agency" means:

- 8 (1) The Federal Deposit Insurance Corporation;
- 9 (2) The Federal Savings and Loan Insurance Corporation;
- 10 (3) The Federal Home Loan Bank Board;
- 11 (4) The National Credit Union Administration;
- 12 (5) The Federal Reserve Board;
- 13 (6) The United States Comptroller of the Currency;
- 14 (7) The State of Maryland Deposit Insurance Fund Corporation;
- 15 (8) The Credit Union Insurance Corporation;
- 16 (9) The [Bank] Commissioner OF FINANCIAL REGULATION;
- 17 (10) The Division of Savings and Loan Associations; OR
- 18 (11) [The Commissioner of Consumer Credit; or
- 19 (12) ] An agency of another State with primary responsibility for chartering  
20 and supervising banks.

21 Title 2. [Bank] Commissioner and Boards.

22 Subtitle 1. [Bank] Commissioner OF FINANCIAL REGULATION.

23 2-101.

24 There is a [State Bank] Commissioner OF FINANCIAL REGULATION in the  
25 Department of Labor, Licensing, and Regulation.

26 2-102.

27 (a) The [Bank] Commissioner OF FINANCIAL REGULATION is appointed by  
28 the Secretary of Labor, Licensing, and Regulation with the approval of the Governor and  
29 the advice and consent of the Senate.

30 (b) The [Bank] Commissioner OF FINANCIAL REGULATION serves at the  
31 pleasure of the Secretary of Labor, Licensing, and Regulation.

14

1 (c) The [Bank] Commissioner shall have at least 5 years of experience in state or  
2 national banking regulation or management, OR IN THE REGULATION OR  
3 MANAGEMENT OF THE BUSINESS OF MAKING LOANS, which may include  
4 service as a bank director.

5 (d) The [Bank] Commissioner is entitled to the salary provided in the State  
6 budget.

7 2-103.

8 (a) With the approval of the Secretary of Labor, Licensing, and Regulation, the  
9 [Bank] Commissioner shall appoint a [deputy bank] DEPUTY Commissioner.

10 (b) The [deputy bank] DEPUTY Commissioner serves at the pleasure of the  
11 [Bank] Commissioner and is an employee of the [Bank] Commissioner's office.

12 (c) The [deputy bank] DEPUTY Commissioner shall have at least 5 years of  
13 experience in state or national banking regulation or management, OR IN THE  
14 REGULATION OR MANAGEMENT OF THE BUSINESS OF MAKING LOANS,  
15 which may include service as a bank director.

16 (d) The [deputy bank] DEPUTY Commissioner is entitled to the salary provided  
17 in the State budget.

18 (e) In addition to any other powers and duties set forth in this article, the [deputy  
19 bank] DEPUTY Commissioner has the powers and duties of the [Bank] Commissioner:

20 (1) To the extent delegated by the [Bank] Commissioner;

21 (2) If the office of the [Bank] Commissioner is vacant; and

22 (3) If for any reason the [Bank] Commissioner is unable to perform the  
23 duties of the office.

24 2-104.

25 The [Bank] Commissioner may employ a staff in accordance with the State budget.

26 2-105.

27 The [Bank] Commissioner exercises the powers and performs the duties of the  
28 office subject to the authority of the Secretary of Labor, Licensing, and Regulation.

29 2-105.1.

30 THE COMMISSIONER MAY ADOPT AND ENFORCE REGULATIONS REASONABLY  
31 NECESSARY TO CARRY OUT THE AUTHORITY AND RESPONSIBILITY OF THE OFFICE  
32 OF COMMISSIONER.

33 2-106.

34 The [Bank] Commissioner shall adopt an official seal. A description and  
35 impression of the seal shall be filed with the Secretary of State.

15

1 2-107.

2 On June 30 of each year, the [Bank] Commissioner shall report to the Governor on  
3 the operations of the [Bank] Commissioner's office and, as to the laws that the [Bank]  
4 Commissioner administers, on amendments that the [Bank] Commissioner considers  
5 desirable.

6 2-108.

7 For providing a certified copy of a document, the [Bank] Commissioner shall  
8 charge a fee of \$1 for each page and \$1 for each certificate.

9 2-109.

10 Except as otherwise provided by law, the [Bank] Commissioner shall pay all money  
11 collected by the [Bank] Commissioner under this article into the General Fund of this  
12 State.

13 2-110.

14 (a) The [Bank] Commissioner and [deputy bank] DEPUTY Commissioner shall  
15 devote full time to their duties.

16 (b) The [Bank] Commissioner and [deputy bank] DEPUTY Commissioner may  
17 not:

18 (1) Be an officer or director of any State banking institution or national  
19 banking association, OR IN ANY ENTITY ENGAGED IN THE BUSINESS OF  
20 MAKING LOANS; or

21 (2) Engage in any other business relating to banks and financial institutions  
22 OR LENDING.

23 (c) Directors and officers of financial institutions shall develop and implement, by  
24 December 31, 1989, written:

25 (1) Real estate appraisal policies; and

26 (2) Procedures pertaining to the hiring and performance of real estate  
27 appraisers.

28 (d) The procedures required under subsection (c)(2) of this section shall set forth  
29 specific factors to be considered by the financial institution's directors and officers,  
30 including but not limited to:

31 (1) Whether the appraiser is licensed or certified under the Business  
32 Occupations and Professions Article; and

33 (2) The real estate appraiser's:

34 (i) Professional education; and

35 (ii) Experience in real estate appraising.

36 (e) Real estate appraisal policies and procedures shall be submitted by the  
37 financial institutions to the [Bank] Commissioner for review and approval.



16

1 2-111.

2 (a) The [Bank] Commissioner, employees of the [Bank] Commissioner's office,  
3 and other State employees acting under supervision of the [Bank] Commissioner's office  
4 may not own stock in any institution that is subject to examination or supervision by the  
5 [Bank] Commissioner.

6 (b) This section does not apply to a member share account of the [Bank]  
7 Commissioner, an employee of the [Bank] Commissioner's office, or other State  
8 employees acting under the supervision of the [Bank] Commissioner's office held at a  
9 credit union that has a membership of over 60,000 State employees.

10 2-112.

11 (a) Except as provided in subsection (b) of this section, the [Bank]  
12 Commissioner, employees of the [Bank] Commissioner's office, and other State  
13 employees acting under the supervision of the [Bank] Commissioner's office may not:

14 (1) Become indebted to any institution that is subject to the jurisdiction of  
15 the [Bank] Commissioner; or

16 (2) Engage or be interested in the sale of securities of or in the negotiation  
17 of loans for others to or with any banking institution or credit union.

18 (b) This section does not apply to a loan that is:

19 (1) Made to a member of a credit union that has a membership of over  
20 60,000 State employees; and

21 (2) Approved by:

22 (i) A credit committee approval under § 6-503(a)(1) of this article;  
23 and

24 (ii) The Board of Directors.

25 (c) The [Bank] Commissioner, employees of the [Bank] Commissioner's office,  
26 and other State employees acting under the supervision of the [Bank] Commissioner's  
27 office may not:

28 (1) Serve as an officer, director, or committee member of a credit union; or

29 (2) Exercise any voting rights in a credit union.

30 (d) Any person who violates any provision of this section is subject to forfeiture of  
31 that person's office or employment.

32 2-203.

33 (a) The function of the Banking Board is advisory.

34 (b) The Banking Board shall give the [Bank] Commissioner OF FINANCIAL  
35 REGULATION sound and impartial advice on:

17

1 (1) The approval or disapproval of applications by a banking institution and  
2 foreign banking corporation;

3 (2) How to protect the interests of the general public and of depositors and  
4 stockholders in banking institutions; and

5 (3) Any other matter concerning banking institutions or the business of  
6 banking in this State.

7 (c) If the [Bank] Commissioner does not follow the advice of the Banking Board,  
8 the [Bank] Commissioner shall send to the Banking Board a written statement of the  
9 reason for the action.

10 2-204.

11 The Banking Board shall meet at the call of the [Bank] Commissioner.

12 2-401.

13 Subject to the evaluation and reestablishment provisions of the Program Evaluation  
14 Act, the provisions of this article that create the office of the [Bank] Commissioner OF  
15 FINANCIAL REGULATION or relate to the powers and duties of the [Bank]  
16 Commissioner and any regulations adopted under these provisions shall terminate and be  
17 of no effect after July 1, 2002.

18 3-203.

19 (a) The incorporators shall:

20 (1) File with the [Bank] Commissioner OF FINANCIAL REGULATION  
21 for examination the two copies of the articles of incorporation; and

22 (2) Pay to the [Bank] Commissioner an examination fee of \$1,500.

23 (b) The [Bank] Commissioner shall investigate and determine if:

24 (1) The articles are framed in accordance with law;

25 (2) The character, responsibility, and general fitness of the incorporators  
26 and directors named in the articles command confidence and warrant belief that the  
27 business of the proposed commercial bank will be conducted honestly and efficiently, in  
28 accordance with the intent of this article; and

29 (3) Allowing the proposed commercial bank to engage in business:

30 (i) Will promote public convenience and advantage; and

31 (ii) Is expedient and desirable.

32 (c) After the investigation, the [Bank] Commissioner may require any change in  
33 the articles of incorporation that the [Bank] Commissioner considers necessary.

34 (d) (1) Within 6 months after the articles are filed for examination, the [Bank]  
35 Commissioner, after receiving the advice of the Banking Board, shall sign, date, and  
36 endorse each copy of the articles as "approved" or "refused".

18

1 (2) If formation of the commercial bank is refused, the [Bank]  
2 Commissioner shall return one of the endorsed copies of the articles to the incorporators.

3 (3) If formation of the commercial bank is approved, the [Bank]  
4 Commissioner shall:

5 (i) Return one of the endorsed copies of the articles to the  
6 incorporators; and

7 (ii) Keep and record one of the endorsed copies.

8 3-204.

9 (a) If the [Bank] Commissioner approves the articles of incorporation, the  
10 incorporators shall file for record one of the endorsed copies of the articles with the State  
11 Department of Assessments and Taxation.

12 (b) Articles of incorporation that are filed for record are not effective unless the  
13 [Bank] Commissioner has endorsed the articles as approved.

14 3-208.

15 A commercial bank may not do business until it receives from the [Bank]  
16 Commissioner a certificate of authority to do business.

17 3-209.

18 (a) (1) Before the [Bank] Commissioner issues a certificate to do business, the  
19 required capital stock and the required surplus shall be paid in full.

20 (2) A commercial bank shall have required capital stock that equals at least:

21 (i) \$750,000, if it is in a municipal area with not more than 50,000  
22 inhabitants;

23 (ii) \$1.5 million, if it is in a municipal area with more than 50,000  
24 inhabitants; and

25 (iii) Notwithstanding the municipal area in which the commercial bank  
26 is located, the lowest minimum amount of capital required under this subsection, if the  
27 bank is not in the business of accepting deposits or retaining funds in a deposit account as  
28 defined in § 5-509 of this article.

29 (3) A commercial bank shall have a surplus in an amount that equals at least  
30 20 percent of its required capital stock.

31 3-212.

32 (a) After its articles of incorporation are filed for record and its required capital  
33 stock and surplus are paid in full, the commercial bank shall give to the [Bank]  
34 Commissioner:

35 (1) Notice that the commercial bank has complied with all of the applicable  
36 provisions of this title; and

19

1 (2) A certified list of all of its stockholders, including their names and  
2 residence addresses and the number of shares of capital stock for which each paid.

3 (b) The [Bank] Commissioner shall examine the condition of the commercial  
4 bank to determine:

5 (1) The name and residence of each director;

6 (2) If the required capital stock and surplus are paid in full; and

7 (3) If the commercial bank has complied with all other applicable provisions  
8 of this title.

9 (c) If, after examination, it appears that the commercial bank lawfully is entitled  
10 to do business, the [Bank] Commissioner shall issue the certificate of authority to do  
11 business.

12 (d) (1) If, after examination, it appears that the required capital stock and  
13 surplus have not been paid in full, the [Bank] Commissioner may not issue the certificate  
14 of authority to do business.

15 (2) If, after examination, the [Bank] Commissioner has reason to believe  
16 that the stockholders formed the commercial bank for any purpose other than legitimate  
17 business under this article, the [Bank] Commissioner, with the advice and consent of the  
18 Secretary of LABOR, Licensing, and Regulation, may withhold the certificate.

19 3-213.

20 (d) After an amendment is approved by the stockholders:

21 (1) The president of the commercial bank and either its cashier or treasurer  
22 shall certify the amendment; and

23 (2) The amendment shall be signed, filed with the [Bank] Commissioner  
24 for examination, and, if approved by the [Bank] Commissioner, filed for record as  
25 required for articles of incorporation.

26 (e) On filing the amendment for examination, the commercial bank shall pay to  
27 the [Bank] Commissioner an examination fee of \$20.

28 3-302.

29 (a) If the [Bank] Commissioner approves, a commercial bank may issue  
30 preferred stock, in the amount and with the par value that the [Bank] Commissioner  
31 approves, as provided in this section.

32 (b) Unless otherwise provided by law, preferred stock issued under this section is  
33 not valid until the commercial bank receives the purchase price in an amount that equals  
34 at least par value.

35 (c) If the [Bank] Commissioner approves, preferred stock may be convertible  
36 into common stock on the terms and conditions that the charter provides. However,  
37 preferred stock is not convertible:

38 (1) Into common stock of a greater total par value; or

20

1 (2) At any time when the commercial bank would not have a surplus in an  
2 amount that equals at least 20 percent of its capital stock outstanding immediately after  
3 the conversion.

4 (d) (1) The holder of preferred stock is entitled to cumulative dividends at a  
5 rate not exceeding six percent a year of its par value.

6 (2) Dividends on common stock may not be declared or paid until the  
7 cumulative dividends on the preferred stock are fully paid.

8 (e) Each holder of preferred stock has the voting rights that the charter provides  
9 and the [Bank] Commissioner approves.

10 (f) (1) A commercial bank may retire preferred stock in the manner and on the  
11 terms and conditions that the charter provides and the [Bank] Commissioner approves.

12 (2) If the [Bank] Commissioner approves, the commercial bank may retire  
13 its preferred stock out of any surplus above that required by this title.

14 (3) The commercial bank may not have at any time less than its required  
15 capital stock.

16 (g) If a commercial bank dissolves voluntarily or a receiver is appointed for it, the  
17 holders of its common stock may not be paid until the holders of its preferred stock are  
18 paid, for each of their shares:

19 (1) The amount that the charter provides, but not more than the purchase  
20 price under subsection (b) of this section and not less than the par value; and

21 (2) All accumulated and unpaid dividends.

22 3-304.

23 (b) If a commercial bank buys or holds any of its outstanding capital stock, the  
24 commercial bank shall sell the stock at public or private sale within:

25 (1) 1 year after the date of acquisition; or

26 (2) Any longer period that the [Bank] Commissioner authorizes.

27 3-305.

28 (a) A reduction of the outstanding capital stock of a commercial bank:

29 (1) Is not valid unless approved by the [Bank] Commissioner; and

30 (2) May not be made to an amount that is less than that required in §  
31 3-209(b) of this title.

32 (b) The [Bank] Commissioner shall base approval on a finding that the assets of  
33 the commercial bank remaining after the proposed reduction of its capital stock will be  
34 sufficient to pay all of the claims of existing creditors.

21

1 3-307.

2 (a) The board of directors of a commercial bank may declare a cash dividend only  
3 from the following, after providing for due or accrued expenses, losses, interest, and  
4 taxes:

5 (1) Its undivided profits; or

6 (2) With the prior approval of the [Bank] Commissioner, its surplus in  
7 excess of 100 percent of its required capital stock.

8 3-309.

9 (b) (1) Any stockholder, director, or officer of a commercial bank may inspect  
10 the stock ledger during usual business hours.

11 (2) Failure to show the stock ledger to an individual on that individual's  
12 rightful demand subjects the officer responsible for the failure to a civil penalty of \$50,  
13 payable to the [Bank] Commissioner.

14 3-312.

15 (a) If the [Bank] Commissioner approves, a commercial bank may issue and sell  
16 debt instruments that are repayable on the terms and bear the rate of interest, if any,  
17 stated in the instruments.

18 (b) The issuance of a debt instrument does not impair the capital stock of a  
19 commercial bank if the amount of the debt instrument is represented by cash or sound  
20 assets that exceed the impairment determined by the [Bank] Commissioner.

21 (c) The holder of a debt instrument is not subject to any liability imposed on  
22 stockholders under any law of this State.

23 (d) In the event of liquidation, a debt instrument is:

24 (1) Subordinate to the claims of any depositor or creditor; and

25 (2) Preferred to the claim of any stockholder.

26 (e) (1) Each holder of a debt instrument has the voting rights that the charter  
27 provides and the [Bank] Commissioner approves.

28 (2) A reference in this article to a required vote of the holders of the capital  
29 stock of a commercial bank includes holders of debt instruments to the extent that they  
30 are entitled to vote under this subsection.

31 (f) Before a commercial bank retires or pays any debt instrument:

32 (1) It shall obtain the approval of the [Bank] Commissioner; and

33 (2) Any existing deficit in its capital, disregarding any debt instrument to be  
34 retired, shall be paid in cash so that the sound capital assets of the commercial bank are  
35 at least equal to its capital stock.

22

1 3-313.

2 (a) Each commercial bank shall report to the [Bank] Commissioner on its  
3 stockholders:

4 (1) At least once a year, at the time that the [Bank] Commissioner  
5 specifies; and

6 (2) At any other time that the [Bank] Commissioner considers necessary.

7 3-314.

8 (c) (1) A person who intends to make a stock acquisition shall apply to the  
9 [Bank] Commissioner for approval, at least 60 days before the acquisition becomes  
10 effective.

11 (2) The application shall include:

12 (i) A description of the proposed stock acquisition; and

13 (ii) All other information that is available to inform the [Bank]  
14 Commissioner of the effect of the acquisition on the power to direct or to cause direction  
15 of the management or policy of a banking institution or bank holding company.

16 (3) If there is any doubt as to whether the stock acquisition will affect the  
17 power to direct or cause direction of the management or policy of a commercial bank or  
18 bank holding company, the doubt shall be resolved in favor of reporting to the [Bank]  
19 Commissioner.

20 (d) The [Bank] Commissioner may deny approval for a stock acquisition that the  
21 [Bank] Commissioner determines to be anticompetitive or to threaten the safety or  
22 soundness of a banking institution.

23 3-315.

24 (a) Except as provided in subsection (b) of this section, the chief executive officer  
25 of a commercial bank shall report to the [Bank] Commissioner as soon as the officer  
26 becomes aware that any person has applied for or has received a loan from the  
27 commercial bank that is to be secured by 25 percent or more of the voting stock of any  
28 commercial bank.

29 (c) A report required by this section shall describe the loan transaction and  
30 contain whatever information is available to inform the [Bank] Commissioner of the  
31 effect of the loan on the power to direct or cause direction of the management or policy  
32 of the commercial bank whose stock is involved.

33 3-408.

34 (a) Each director of a commercial bank shall attend at least one half of the  
35 regularly scheduled board meetings that are held during the director's term of office.

36 (b) (1) Any director who fails to attend meetings of the board of directors as  
37 required by this section is disqualified automatically from serving as director for a  
38 succeeding term.

23

1 (2) The [Bank] Commissioner may waive the disqualification of a director  
2 if the director shows to the [Bank] Commissioner good cause for the failure to attend the  
3 meetings.

4 3-508.

5 (a) A copy of the fund plan and any amendments to it shall be filed:

6 (1) With the [Bank] Commissioner OF FINANCIAL REGULATION, as a  
7 public record; and

8 (2) At the principal banking office of the trust company, where it shall be  
9 available during regular business hours for inspection by any co-fiduciary or person who  
10 has an interest in a participating account.

11 (b) On a reasonable request, a copy of the fund plan shall be provided to any  
12 co-fiduciary or person who has an interest in a participating account.

13 3-603.

14 Unless the [Bank] Commissioner gives written approval for an extension of time, a  
15 commercial bank may not carry for more than 90 days a total of bills payable and  
16 rediscounts that exceeds the unimpaired capital and surplus of the commercial bank.

17 3-605.

18 (a) This section does not apply to a leasehold interest in real property.

19 (b) Subject to the rules and regulations of the [Bank] Commissioner, a  
20 commercial bank may become the owner and lessor of personal property if:

21 (1) The personal property is acquired on the specific request of and for the  
22 use of a customer; and

23 (2) The investment of the commercial bank in personal property does not  
24 exceed:

25 (i) For any one customer, 10 percent of the unimpaired capital and  
26 surplus of the commercial bank; and

27 (ii) For all of its customers, the total of its unimpaired capital and  
28 surplus.

29 3-607.

30 (c) (1) A commercial bank shall have at all times a reserve equal to at least 15  
31 percent of its demand deposits.

32 (2) The board of directors of a commercial bank by resolution shall direct  
33 the commercial bank to keep the demand deposit reserve required by this section in:

34 (i) Cash on hand;

35 (ii) Demand deposits in a bank of good standing in any state; or



24

1 (iii) As to 5 percent of its demand deposits, on approval of the [Bank]  
2 Commissioner:

3 1. Registered or coupon bonds; or

4 2. General obligations of or obligations guaranteed by the  
5 United States government, an agency of the United States government, this State, or any  
6 political subdivision.

7 (e) (1) If the [Bank] Commissioner, with the advice of the Banking Board,  
8 determines that a change in the demand deposit reserve or in the time deposit reserve  
9 requirements is advisable to maintain sound banking practices or to prevent injurious  
10 credit expansion or contraction, the [Bank] Commissioner may change therequirements  
11 as provided in this subsection.

12 (2) Subject to paragraph (3) of this subsection, the [Bank] Commissioner  
13 may adopt rules or regulations to change the requirements as to reserves for commercial  
14 banks.

15 (3) The rules and regulations may:

16 (i) Increase the demand deposit reserve to an amount equal to not  
17 more than 30 percent of those deposits;

18 (ii) Increase the time deposit reserve to an amount equal to not more  
19 than 6 percent of those deposits;

20 (iii) Decrease the demand deposit reserve to an amount equal to not  
21 less than 15 percent of those deposits;

22 (iv) Decrease the time deposit reserve to an amount equal to not less  
23 than 3 percent of those deposits; and

24 (v) Notwithstanding items (i) through (iv) of this paragraph, increase  
25 or decrease the demand deposit reserve or time deposit reserve to conform to the reserve  
26 requirements that apply to a member bank of the Federal Reserve System.

27 3-703.

28 (a) An agreement of consolidation, merger, or transfer of assets shall be approved  
29 by the affirmative vote of a majority of the full authorized membership of the board of  
30 directors of each constituent commercial bank.

31 (b) The agreement shall include:

32 (1) The name of each constituent bank and the address of its principal  
33 banking office;

34 (2) The terms of the proposed transaction;

35 (3) A statement that the agreement is subject to approval by the [Bank]  
36 Commissioner OF FINANCIAL REGULATION and by the stockholders of each  
37 constituent bank;

25

1 (4) Provisions for disposing of any stock of the successor that is not taken by  
2 objecting stockholders of the constituent banks;

3 (5) As to the successor:

4 (i) The address of the proposed principal banking office;

5 (ii) The authorized capital stock, including the number of shares and  
6 the par value of each share of stock;

7 (iii) Whether it will issue preferred stock in the proposed transaction  
8 and, if so, the amount, terms, and preferences; and

9 (iv) Any amendments to its charter and bylaws; and

10 (6) Any other provisions that the [Bank] Commissioner requires to carry  
11 out the [Bank] Commissioner's duties with respect to the proposed transaction.

12 (c) After the board of directors of each constituent bank has approved the  
13 agreement, the following shall be filed with the [Bank] Commissioner for approval:

14 (1) The agreement;

15 (2) The name and address of each office of the constituent banks and of the  
16 successor;

17 (3) The name and residence address of each individual who will be a  
18 director when the proposed transaction becomes effective;

19 (4) The name and residence address of each individual who will be an  
20 officer when the proposed transaction becomes effective;

21 (5) A certified copy of the approving resolution of each board of directors,  
22 showing the required approval by the board; and

23 (6) Evidence of proper action by the board of directors of any constituent  
24 national banking association.

25 (d) (1) Except as otherwise provided by law, any person who knowingly submits  
26 false information to the [Bank] Commissioner while complying with subsection (c) of  
27 this section is guilty of a misdemeanor.

28 (2) A person who violates this section is subject to a fine of not more than  
29 \$1,000, or imprisonment for not more than 5 years, or both.

30 3-704.

31 (a) (1) Except as provided in subsection (b) of this section, the [Bank]  
32 Commissioner shall publish a notice of the filing of the agreement.

33 (2) The notice shall be published in the Maryland Register as provided in  
34 the State Documents Law.

26

1 (b) Subject to confirmation by the Secretary of LABOR, Licensing, and  
2 Regulation, the [Bank] Commissioner may approve an agreement without the notice  
3 required by this section if:

4 (1) The agreement and proposed transaction meet the requirements of §  
5 3-706 of this subtitle;

6 (2) The financial condition or stability of one of the constituent banks is  
7 such that a delay of the proposed transaction will cause an economic hardship to it; and

8 (3) Approval of the agreement is in the public interest.

9 3-705.

10 Within 6 months after the papers specified in § 3-703(c) of this subtitle have been  
11 filed with the [Bank] Commissioner, the [Bank] Commissioner, after receiving the  
12 advice of the Banking Board, shall approve or disapprove the agreement.

13 3-706.

14 (a) The [Bank] Commissioner shall approve the agreement if:

15 (1) The successor meets the requirements of State law for the formation of  
16 a new commercial bank;

17 (2) The agreement provides an adequate capital structure, including  
18 surplus, for the successor in relation to its deposit liabilities and other activities;

19 (3) The agreement is fair; and

20 (4) The proposed transaction is not against the public interest.

21 (b) If the successor will not exercise trust powers, the [Bank] Commissioner may  
22 not approve the agreement until the [Bank] Commissioner is satisfied that successor  
23 fiduciaries have been provided adequately for all fiduciary positions held by the  
24 constituent banks.

25 3-707.

26 If the [Bank] Commissioner disapproves an agreement, the [Bank] Commissioner  
27 shall give the constituent banks written notice of the reasons for the disapproval and an  
28 opportunity to amend the agreement.

29 3-709.

30 (a) When the executed agreement and a copy of the resolution of the stockholders  
31 of each constituent bank, certified by its secretary or cashier, have been filed with the  
32 [Bank] Commissioner and the [Bank] Commissioner has approved the transaction, the  
33 [Bank] Commissioner shall issue to the successor a certificate of consolidation, merger,  
34 or transfer of assets that sets forth the name of each constituent bank and the name of the  
35 successor.

36 (b) The constituent banks may designate an effective date and time, not earlier  
37 than the date of the certificate, to be included in the certificate of consolidation, merger,  
38 or transfer of assets.

27

1 (c) Unless the certificate of consolidation, merger, or transfer of assets specifies a  
2 later effective date and time, the consolidation, merger, or transfer of assets becomes  
3 effective upon issuance of the certificate by the [Bank] Commissioner.

4 (d) This certificate is conclusive evidence of the consolidation, merger, or transfer  
5 of assets and of the correctness of all proceedings relating to it.

6 3-710.

7 (a) The successor shall act promptly to file and record the agreement in the same  
8 manner as required for articles of incorporation.

9 (b) One of the following certificates may be recorded in any office where deeds  
10 are recorded to evidence the new name in which the property of the constituent banks is  
11 held:

12 (1) A certificate of consolidation, merger, or transfer of assets that the  
13 [Bank] Commissioner issues;

14 (2) A certificate that the Comptroller of the Currency of the United States  
15 or the Director of the Office of Thrift Supervision issues to effect a merger or  
16 consolidation in which a national banking association or a [federally-chartered]  
17 FEDERALLY CHARTERED savings bank or savings and loan association is the successor;  
18 or

19 (3) A certificate of consolidation, merger, or transfer of assets issued by the  
20 bank supervisory agency of the State by which an other-state bank is chartered.

21 3-712.

22 (a) Consummation of a consolidation or merger has the effects provided in this  
23 section.

24 (b) The separate existence of each constituent bank, except the successor, ceases.

25 (c) (1) The successor shall be considered the same business and corporate  
26 entity as each of the constituent banks and has all of the rights, powers, and duties of each  
27 constituent bank, except:

28 (i) As limited by the successor's charter or bylaws; and

29 (ii) As limited by the [Bank] Commissioner or the bank supervisory  
30 agency of the state by which an other-state bank is chartered under subsection (e) of this  
31 section.

32 (2) Each constituent bank's rights, franchises, and interests in any property  
33 become the property of the successor without any deed, transfer, or other action.

34 (3) The successor has the same powers that each constituent bank had as to  
35 any property held in any fiduciary capacity, without any deed, transfer, or other action.  
36 The successor may be removed or replaced as fiduciary in the same manner and to the  
37 same extent as the constituent bank.

28

1 (d) (1) Unless this construction would be unreasonable, any reference to any  
2 constituent bank in any writing, whether executed or taking effect before or after the  
3 consolidation or merger, shall be interpreted as a reference to the successor.

4 (2) The successor may use the name of any constituent bank if it can do any  
5 act more conveniently under that name.

6 (e) If a constituent bank has assets or engages in business activities that do not  
7 conform to the law governing the successor, the [Bank] Commissioner or the bank  
8 supervisory agency of the state by which an other-state bank is chartered may allow a  
9 reasonable time for the successor to conform to that law.

10 (f) Unless the [Bank] Commissioner approves, the successor may not carry on its  
11 books an asset received from a constituent bank at a higher value than that on the books  
12 of the constituent bank at the time of the last examination by a State or federal bank  
13 examiner before the effective date of the consolidation or merger.

14 3-720.

15 (c) (1) Within 5 days after the appraisers give the notice of the fair value  
16 determination, a stockholder who is dissatisfied with that value may notify the [Bank]  
17 Commissioner.

18 (2) The [Bank] Commissioner shall have the shares reappraised.

19 (3) This reappraisal is final and binding as to the value of the shares of stock  
20 of that stockholder.

21 (d) (1) If the appraisal to be made under subsection (b) of this section is not  
22 completed within 90 days after the consolidation, merger, or transfer of assets becomes  
23 effective, the [Bank] Commissioner shall have an appraisal made.

24 (2) This appraisal is final and binding as to the value of the shares of stock  
25 of all objecting stockholders.

26 3-801.

27 (g) If a national banking association has assets or engages in business activities  
28 that do not conform to the law governing commercial banks, the [Bank] Commissioner  
29 OF FINANCIAL REGULATION may allow a reasonable time for the new commercial  
30 bank to conform to that law.

31 3-802.

32 (a) Any commercial bank may convert into a national banking association as  
33 provided by federal law.

34 (b) When a commercial bank applies to the Comptroller of the Currency for  
35 conversion into a national banking association, it shall file with the [Bank]  
36 Commissioner a written notice of its intent to convert.

37 (c) When the Comptroller of the Currency issues a certificate of authority to do  
38 business as a national banking association, the charter of the commercial bank terminates  
39 and the new national banking association shall:

29

1 (1) Take all property of the commercial bank, subject to all of its liabilities  
2 that exist at the time of conversion;

3 (2) Notify the [Bank] Commissioner of the conversion and the taking of  
4 property; and

5 (3) File with the [Bank] Commissioner a copy of the certificate of authority  
6 issued by the Comptroller of the Currency.

7 (d) The [Bank] Commissioner shall file a copy of the certificate of authority with  
8 the State Department of Assessments and Taxation.

9 3-803.

10 (a) A commercial bank may dissolve voluntarily, if the stockholders of the  
11 commercial bank and the [Bank] Commissioner approve the dissolution as provided in  
12 this section.

13 (b) A proposed voluntary dissolution shall be approved by the affirmative vote of  
14 the stockholders of the commercial bank who own two thirds of its capital stock.

15 (c) (1) After a proposed voluntary dissolution is approved by the stockholders,  
16 the board of directors of the commercial bank shall give the following notices.

17 (2) The board shall give written notice to the [Bank] Commissioner of the  
18 intended dissolution. This notice shall be certified under the corporate seal of the  
19 commercial bank by its president and by its cashier or treasurer.

20 (3) The board also shall give notice to creditors of the commercial bank to  
21 present for payment any claim against it. This notice shall be published once each week  
22 for 8 consecutive weeks in a newspaper published in the county where the commercial  
23 bank has its principal banking office.

24 (d) The [Bank] Commissioner may approve the intended dissolution only if the  
25 [Bank] Commissioner determines that the commercial bank is solvent.

26 4-203.

27 (a) The incorporators shall:

28 (1) File with the [Bank] Commissioner for examination the two copies of  
29 the articles of incorporation; and

30 (2) Pay to the [Bank] Commissioner an examination fee of \$1,500.

31 (b) The [Bank] Commissioner shall investigate and determine if:

32 (1) The articles are framed in accordance with law;

33 (2) The character, responsibility, and general fitness of the incorporators  
34 and directors named in the articles command confidence and warrant belief that the  
35 business of the proposed savings bank will be conducted honestly and efficiently, in  
36 accordance with the intent of this article; and

37 (3) Allowing the proposed savings bank to engage in business:

30

1 (i) Will promote public convenience and advantage; and

2 (ii) Is expedient and desirable.

3 (c) After the investigation, the [Bank] Commissioner may require any change in  
4 the articles of incorporation that the [Bank] Commissioner considers necessary.

5 (d) (1) Within 6 months after the articles are filed for examination, the [Bank]  
6 Commissioner, with the approval of the Banking Board, shall sign, date, and endorse each  
7 copy as "approved" or "refused".

8 (2) If formation of the savings bank is refused, the [Bank] Commissioner  
9 shall return one of the endorsed copies of the articles to the incorporators.

10 (3) If formation of the savings bank is approved, the [Bank] Commissioner  
11 shall:

12 (i) Return one of the endorsed copies of the articles to the  
13 incorporators; and

14 (ii) Keep and record one of the endorsed copies.

15 4-204.

16 (a) If the [Bank] Commissioner approves the articles of incorporation, the  
17 incorporators shall file for record one of the endorsed copies of the articles with the State  
18 Department of Assessments and Taxation.

19 (b) Articles of incorporation that are filed for record are not effective unless the  
20 [Bank] Commissioner has endorsed the articles as approved.

21 4-206.

22 (b) In addition to the powers set forth elsewhere in this article, a savings bank  
23 may:

24 (8) With the prior approval of the [Bank] Commissioner, exercise the  
25 powers granted under § 3-207 of this article to a trust company; and

26 4-207.

27 A savings bank may not do business until it receives from the [Bank] Commissioner  
28 a certificate of authority to do business.

29 4-208.

30 (a) Before the [Bank] Commissioner issues a certificate to do business, a savings  
31 bank shall have an initial guaranty fund that equals at least:

32 (1) The minimum amount of capital stock required for formation of a  
33 commercial bank in the municipal area of the proposed savings bank; and

34 (2) Any greater amount that the [Bank] Commissioner determines is  
35 necessary to keep the savings bank solvent.

31

1 4-209.

2 (b) The approval of the [Bank] Commissioner is required as to:

3 (1) The form of the transferable deferred payment certificates;

4 (2) The rate of interest that the holder of a certificate will be entitled to  
5 receive; and

6 (3) The terms under which and the pro rata installments by which the holder  
7 of a certificate will be repaid.

8 4-210.

9 (c) After an amendment is approved by the members or the directors:

10 (1) The president of the savings bank and either its cashier or treasurer shall  
11 certify the amendment; and

12 (2) The amendment shall be signed, filed with the [Bank] Commissioner  
13 for examination, and, if approved by the [Bank] Commissioner, filed for record as  
14 required for articles of incorporation.

15 (d) On filing the amendment for examination, the savings bank shall pay to the  
16 [Bank] Commissioner an examination fee of \$20.

17 4-301.

18 (a) If a savings bank has a guaranty fund that is less than 5 percent of its total  
19 deposits, the savings bank:

20 (1) May not make any payment on the principal of the transferable deferred  
21 payment certificates that evidence payments to the initial guaranty fund; and

22 (2) May not pay interest on the certificates unless the [Bank]  
23 Commissioner OF FINANCIAL REGULATION approves the payment and the rate of  
24 interest.

25 4-302.

26 (a) Except as provided in this section, a savings bank may not reduce its guaranty  
27 fund.

28 (b) If the [Bank] Commissioner determines that the guaranty fund of a savings  
29 bank exceeds 5 percent of its total deposits and approves a reduction, the savings bank  
30 may reduce its fund by the amount of the excess.

31 (c) If a savings bank abandons a branch and the [Bank] Commissioner approves  
32 a reduction, the savings bank may reduce its guaranty fund by the amount of its addition  
33 to the fund required for establishment of the branch.

34 (d) (1) This subsection applies if the guaranty fund:

35 (i) Has reached 5 percent of the total deposits of the savings bank;  
36 and



32

1 (ii) Later falls below that amount.

2 (2) A savings bank may not pay any interest on its deposits so long as its  
3 guaranty fund is less than 5 percent of its total deposits, unless the savings bank adds to  
4 the fund, from net earnings for the year, money that equals at least 0.25 percent of its  
5 total deposits.

6 (3) If the [Bank] Commissioner determines that a savings bank does not  
7 have a guaranty fund equal to 5 percent of its total deposits, the [Bank] Commissioner  
8 may require the savings bank:

9 (i) To add to the fund from its net earnings an amount of money, not  
10 to exceed in any year 0.25 percent of its total deposits, that is sufficient to restore the fund  
11 to 5 percent of its total deposits; and

12 (ii) Until the fund is restored, to reduce, by that amount, the interest  
13 paid or payable to depositors of the savings bank.

14 (4) The [Bank] Commissioner may evaluate the assets of a savings bank by  
15 a method that the Federal Deposit Insurance Corporation or any other appropriate  
16 federal authority adopts.

17 4-507.

18 (a) Each director of a savings bank shall attend at least one half of the regularly  
19 scheduled board meetings that are held during the director's term of office.

20 (b) (1) Any director who fails to attend meetings of the board of directors as  
21 required by this section is disqualified automatically from serving as director for a  
22 succeeding term.

23 (2) The [Bank] Commissioner OF FINANCIAL REGULATION may  
24 waive the disqualification of a director if the director shows to the [Bank] Commissioner  
25 good cause for the failure to attend the meetings.

26 4-603.

27 (a) (1) Unless a savings bank has the prior approval of the [Bank]  
28 Commissioner OF FINANCIAL REGULATION, the total amount of all of its  
29 outstanding debts, other than those incurred for purposes of repaying its depositors, may  
30 not exceed 5 percent of its deposits.

31 (2) When the directors of a savings bank authorize it to borrow money for  
32 which approval is required, the savings bank immediately shall send a copy of the board's  
33 resolution to the [Bank] Commissioner.

34 (b) A savings bank may not borrow money for periods that total more than:

35 (1) 1 year; and

36 (2) Any additional renewal period that the [Bank] Commissioner approves  
37 in writing for payment of an unpaid balance.

33

1 4-701.

2 (a) In this section, "transfer assets", "transfer its assets", or "transfer of assets"  
3 means to sell, lease, exchange, or otherwise transfer all or substantially all of the property  
4 and assets of a savings bank.

5 (b) A savings bank may consolidate with, merge into, or transfer its assets to any  
6 banking institution in this State, any other bank in this State, or any State or federal  
7 savings and loan association in this State if the [Bank] Commissioner OF FINANCIAL  
8 REGULATION, after receiving the advice of the Banking Board, gives written consent to  
9 the transaction.

10 (c) The transaction shall be approved at a meeting called for that purpose, by the  
11 affirmative vote of:

12 (1) Two thirds of the members of the savings bank, voting in person or by  
13 proxy; or

14 (2) If there are no members, the board of directors of the savings bank.

15 (d) An agreement that sets forth the terms and conditions of the proposed  
16 transaction shall be:

17 (1) Signed and acknowledged by the president and treasurer of each party  
18 to the transaction; and

19 (2) Filed with the [Bank] Commissioner.

20 (e) (1) Except as provided in subsection (f) of this section, the [Bank]  
21 Commissioner shall publish a notice of the filing of the agreement.

22 (2) The notice shall be published in the Maryland Register as provided in  
23 the State Documents Law.

24 (f) Subject to confirmation by the Secretary of Labor, Licensing, and Regulation,  
25 the [Bank] Commissioner may approve an agreement without the notice in the Maryland  
26 Register if:

27 (1) The financial condition or stability of one of the parties to the proposed  
28 transaction is such that a delay of the proposed transaction will cause an economic  
29 hardship to it; and

30 (2) Approval of the agreement is in the public interest.

31 4-702.

32 (c) (1) After a proposed dissolution is approved, the board of directors of the  
33 savings bank shall give the following notices.

34 (2) The board shall give written notice to the [Bank] Commissioner of the  
35 impending dissolution. This notice shall be certified under the corporate seal of the  
36 savings bank by its president and by its treasurer.

37 (3) The board also shall give notice to creditors of the savings bank to  
38 present for payment any claim against it. This notice shall be published once each week

34

1 for 8 consecutive weeks in a newspaper published in the county where the savings bank  
2 has its principal banking office.

3 (d) After publication of the required notice to creditors, the directors of a savings  
4 bank shall execute and file with the [Bank] Commissioner a statement that the savings  
5 bank is dissolved.

6 4-802.

7 (a) (1) Notwithstanding any other provision of law, any savings bank may be  
8 reorganized in order to become a mutual holding company by submitting to the [Bank]  
9 Commissioner OF FINANCIAL REGULATION an application for approval of  
10 reorganization.

11 (2) A reorganization submitted for approval shall have been approved by  
12 the savings bank under the procedures described in § 4-701 (c) of this title.

13 (e) (1) Except as provided in subsection (f) of this section, the [Bank]  
14 Commissioner shall publish a notice of filing of the application for approval of the plan of  
15 reorganization.

16 (2) The notice of filing of application shall be published in the Maryland  
17 Register as provided in the State Documents Laws.

18 (f) Subject to confirmation by the Secretary of Labor, Licensing, and Regulation,  
19 the [Bank] Commissioner may approve an application without publication of the notice  
20 of filing of application in the Maryland Register if:

21 (1) The financial condition or stability of one of the parties to the proposed  
22 reorganization is such that a delay of the proposed reorganization will cause an economic  
23 hardship to the party; and

24 (2) Approval of the application is in the public interest.

25 4-803.

26 (a) The savings bank shall:

27 (1) File with the [Bank] Commissioner for examination the application for  
28 approval of reorganization; and

29 (2) At the time of filing of an application for approval of reorganization, pay  
30 to the [Bank] Commissioner a fee of \$1,500.

31 (b) The [Bank] Commissioner shall investigate the proposed articles of  
32 incorporation of the subsidiary savings bank and determine if:

33 (1) The articles are framed in accordance with law;

34 (2) The character, responsibility, and general fitness of the incorporators  
35 and directors named in the articles command confidence and warrant belief that the  
36 business of the proposed subsidiary savings bank will be conducted honestly and  
37 efficiently in accordance with the intent of this article; and

38 (3) Allowing the proposed subsidiary savings bank to engage in business:

35

1 (i) Will promote public convenience and advantage; and

2 (ii) Is expedient and desirable.

3 (c) After investigating the proposed articles of incorporation of the subsidiary  
4 savings bank, the [Bank] Commissioner may require any change in the articles of  
5 incorporation that the [Bank] Commissioner considers necessary.

6 (d) As to the proposed articles of incorporation of the subsidiary savings bank:

7 (1) Within 3 months after the application is filed for examination, the  
8 [Bank] Commissioner, after receiving the advice of the Banking Board, shall sign, date,  
9 and endorse each copy of the articles of incorporation as "approved" or "refused".

10 (2) If formation of the subsidiary savings bank is refused, the [Bank]  
11 Commissioner shall return one of the endorsed copies of the articles of incorporation to  
12 the incorporators.

13 (3) If formation of the subsidiary savings bank is approved, the [Bank]  
14 Commissioner shall:

15 (i) Return one of the endorsed copies of the articles of incorporation  
16 to the incorporators; and

17 (ii) Keep and record one of the endorsed copies.

18 (e) Within 3 months after the application for approval of reorganization is filed  
19 for examination, the [Bank] Commissioner shall approve or reject the application. The  
20 [Bank] Commissioner may not approve the application unless the [Bank]  
21 Commissioner determines:

22 (1) That the plan of reorganization is:

23 (i) Reasonably required to protect the welfare of the general economy  
24 of this State;

25 (ii) Not detrimental to the public interest or the savings bank; and

26 (iii) In compliance with the regulations and conditions that the [Bank]  
27 Commissioner adopts;

28 (2) That the reorganization is pursuant to an acquisition by the mutual  
29 holding company of all the stock of a savings and loan association and that:

30 (i) Exigent circumstances exist that make the acquisition necessary to  
31 maintain the viability or prevent the probable failure of the savings and loan association  
32 acquired; and

33 (ii) The mutual holding company agrees to obtain federal insurance  
34 for the deposits of the acquired savings and loan within the time limitation imposed by  
35 the [Bank] Commissioner;

36

1 (3) That immediately before the reorganization, the depositors of the  
2 savings bank are entitled to deposits in the subsidiary savings bank of like amounts,  
3 interest rates, and other terms, without interruption of interest;

4 (4) That all deposits continue to be insured by the Federal Deposit  
5 Insurance Corporation up to the maximum amount provided by law; and

6 (5) That the applicant has met all the requirements of this subtitle and  
7 Subtitle 9 of this title.

8 4-804.

9 (a) In connection with the reorganization of a savings bank into a mutual holding  
10 company pursuant to this subtitle and with the approval of the [Bank] Commissioner,  
11 the mutual holding company may retain assets to the extent that they are not then  
12 required by the subsidiary savings bank to satisfy State or federal capital or reserve  
13 requirements.

14 (d) Without limiting any powers it may have under this section or any other laws  
15 of this State, a mutual holding company may acquire the assets or stock of a savings and  
16 loan association with the prior approval of the [Bank] Commissioner pursuant to the  
17 determinations required under § 4-803(e)(2) of this subtitle.

18 4-806.

19 The [Bank] Commissioner may adopt regulations to carry out the provisions of this  
20 subtitle.

21 4-903.

22 (a) If the [Bank] Commissioner OF FINANCIAL REGULATION approves the  
23 articles of incorporation of the subsidiary savings bank, the incorporators shall file for  
24 record with the State Department of Assessments and Taxation one endorsed copy of the  
25 article of incorporation.

26 (b) Unless the [Bank] Commissioner has endorsed the articles of incorporation  
27 as approved, articles of incorporation that are filed for record may not be effective.

28 4-906.

29 A subsidiary savings bank may not do business until:

30 (1) The subsidiary savings bank receives from the [Bank] Commissioner a  
31 certificate of authority to do business; and

32 (2) The required capital stock and the required surplus is paid in full.

33 4-907.

34 (a) After its articles of incorporation are filed for record and its required capital  
35 stock and surplus are paid in full, the subsidiary savings bank shall give to the [Bank]  
36 Commissioner notice that the subsidiary savings bank has complied with all of the  
37 applicable provisions of this subtitle.

37

1 (b) The [Bank] Commissioner shall examine the condition of the subsidiary  
2 savings bank to determine:

3 (1) The name and residence of each director;

4 (2) If the required capital stock and surplus are paid in full;and

5 (3) If the subsidiary savings bank has complied with all other applicable  
6 provisions of this title.

7 (c) If, after examination, it appears that the subsidiary savings bank lawfully is  
8 entitled to do business, the [Bank] Commissioner shall issue the certificate of authority  
9 to do business.

10 (d) (1) If, after examination, it appears that the required capital stock and  
11 surplus have not been paid in full, the [Bank] Commissioner may not issue the certificate  
12 of authority to do business.

13 (2) If, after examination, the [Bank] Commissioner has reason to believe  
14 that the stockholders formed the subsidiary savings bank for any purpose other than  
15 legitimate business under this article, the [Bank] Commissioner, with the advice and  
16 consent of the Secretary of Labor, Licensing, and Regulation, may withhold the  
17 certificate.

18 4-908.

19 After providing for due or accrued expenses, losses, interest, and taxes, the board of  
20 directors of a subsidiary savings bank may declare a cash dividend onlyfrom the  
21 following:

22 (1) Its undivided profits; or

23 (2) With the approval of the [Bank] Commissioner, its surplus in excess of  
24 100 percent of its required capital stock.

25 4-909.

26 The [Bank] Commissioner may evaluate the assets of a subsidiary savings bank by  
27 a method that the Federal Deposit Insurance Corporation or any other appropriate  
28 federal authority adopts for the evaluation of such assets.

29 5-101.

30 (c) "Examiner" means:

31 (1) The [Bank] Commissioner OF FINANCIAL REGULATION; and

32 (2) An individual whom the [Bank] Commissioner designates as examiner.

33 5-201.

34 (a) An examiner shall visit each banking institution and examine itsbusiness:

35 (1) At least once during each calendar year;

36 (2) When asked to do so by the board of directors of the institution; or

38

1 (3) At any other time that the [Bank] Commissioner considers necessary.

2 5-202.

3 (a) The [Bank] Commissioner or deputy [Bank] Commissioner may:

4 (1) Summon any officer, manager, trustee, employee, or agent of any  
5 banking institution and any other witness that the [Bank] Commissioner thinks proper;

6 (2) Administer an oath to that person; and

7 (3) Question that person about the affairs of the institution.

8 (b) The [Bank] Commissioner or deputy [Bank] Commissioner may not  
9 delegate the powers granted by subsection (a) of this section.

10 (c) (1) A person may not:

11 (i) Obstruct the [Bank] Commissioner or any person acting for the  
12 [Bank] Commissioner in the performance of the duties of the [Bank] Commissioner; or

13 (ii) Refuse to appear or testify without good cause when summoned  
14 under this section.

15 (2) Any person who violates any provision of this subsection is guilty of a  
16 misdemeanor and on conviction is subject to a fine not exceeding \$1,000 or imprisonment  
17 not exceeding 1 year or both.

18 5-203.

19 (a) The [Bank] Commissioner shall impose annual assessments on each banking  
20 institution as provided in this section, to cover the expense of regulating banking  
21 institutions.

22 (b) (1) The [Bank] Commissioner shall assess each banking institution the sum  
23 of:

24 (i) \$1,000; plus

25 (ii) 8 cents for each \$1,000 of the assets of the institution over  
26 \$1,000,000.

27 (2) The assessments shall be based on assets stated in a banking institution's  
28 most recent financial report.

29 (c) A banking institution shall pay the assessment imposed under this section to  
30 the [Bank] Commissioner on or before the February 1 after it is imposed.

31 5-204.

32 Instead of making an examination under this subtitle, the [Bank] Commissioner  
33 may accept a copy of the report of a reasonably recent examination of the banking  
34 institution by a federal banking authority.

39

1 5-206.

2 (a) At least twice a year, the [Bank] Commissioner shall ask every banking  
3 institution to submit a financial report that shows in detail the assets and liabilities of the  
4 institution as of the close of the business day that the [Bank] Commissioner specifies.

5 (b) The [Bank] Commissioner shall:

6 (1) Provide forms that conform as closely as practicable to the forms that  
7 the federal banking authorities use; or

8 (2) Accept from a banking institution a copy of a reasonably recent report  
9 that the institution submitted to a federal banking authority.

10 (c) (1) Within 30 days after a banking institution receives the request for a  
11 financial report, the institution shall submit the report.

12 (2) Each report shall be signed and verified by the president, vice president,  
13 cashier, or treasurer of the banking institution.

14 (d) (1) Within 45 days after a banking institution receives the request for a  
15 financial report, the institution shall:

16 (i) Publish a summary of the report in a newspaper published or  
17 circulated in the county where the banking institution has its principal banking office; and

18 (ii) Submit proof of publication of the summary to the [Bank]  
19 Commissioner.

20 (2) Each summary of a report shall be in a form that the [Bank]  
21 Commissioner approves.

22 5-206.1.

23 (a) Within 30 days of adoption, a national banking association located in the  
24 State, a banking institution, or an other-state bank that maintains a branch in this State  
25 shall submit to the [Bank] Commissioner a copy of its most recently adopted federal  
26 Community Reinvestment Act statement.

27 (b) Within 30 days of receipt, the association, institution, or bank shall submit to  
28 the [Bank] Commissioner a copy of the public portion of its most recent Community  
29 Reinvestment Act performance evaluation prepared by the federal regulatory agency that  
30 examines the association, institution, or bank, together with a copy of any written  
31 response to the evaluation prepared by the association, institution, or bank for its public  
32 Community Reinvestment Act file.

33 (c) (1) Upon request, the [Bank] Commissioner shall make available to the  
34 public a copy of the documents submitted under this section.

35 (2) The [Bank] Commissioner may charge a reasonable fee to a person  
36 requesting a copy to help defray the costs of providing copies of the documents to the  
37 public.



40

1 5-207.

2 (a) At any time that the [Bank] Commissioner considers necessary, the [Bank]  
3 Commissioner may ask a banking institution or an other-state bank that maintains a  
4 branch in this State to submit a special financial report.

5 (b) Each report under this section shall be made in the same manner as provided  
6 in § 5-206 of this subtitle.

7 5-208.

8 (a) If a banking institution or an other-state bank fails to make any report or  
9 submit proof of publication as required by this article, the banking institution or  
10 other-state bank is subject, in the discretion of the [Bank] Commissioner, to a civil  
11 penalty of \$50 for each day that the report or proof is overdue.

12 (b) The [Bank] Commissioner may institute proceedings to enforce this section.

13 5-209.

14 (a) Except as otherwise provided in this article, the [Bank] Commissioner, the  
15 employees of and the attorney for the [Bank] Commissioner's office, and the members of  
16 the Banking Board may not disclose:

17 (1) The name of any debtor of a banking institution;

18 (2) Any information about the private accounts with or transactions of a  
19 banking institution;

20 (3) Any information obtained in the course of examining a banking  
21 institution; or

22 (4) Any confidential information obtained from a federal banking authority.

23 (b) This section does not apply to any information that a person discloses:

24 (1) In performing a public duty to report on or take special action about the  
25 business of a banking institution;

26 (2) In testifying as a witness in a criminal proceeding; or

27 (3) In informing any director or authorized officer, employee, or agent of a  
28 banking institution under examination of the results of that examination.

29 (c) (1) As provided in this subsection, the [Bank] Commissioner may give a  
30 federal banking authority a copy of any examination of a banking institution, a copy of any  
31 report made by the banking institution, and any other information that the [Bank]  
32 Commissioner has about the banking institution.

33 (2) The [Bank] Commissioner may give the Federal Deposit Insurance  
34 Corporation information about a banking institution if:

35 (i) The institution is insured by the Corporation; or

36 (ii) The institution:

41

1 1. Is applying for insurance from the Corporation; and

2 2. Asks the [Bank] Commissioner to do so.

3 (3) The [Bank] Commissioner may give the Federal Reserve Bank of  
4 Richmond information about a banking institution if:

5 (i) The institution is a member of the Federal Reserve System; or

6 (ii) The institution:

7 1. Is applying for membership in the System; and

8 2. Asks the [Bank] Commissioner to do so.

9 (d) Except as otherwise provided by law, all confidential information disclosed to  
10 any person as permitted under this section:

11 (1) Remains the property of the [Bank] Commissioner; and

12 (2) May not be further disclosed by that person without the written  
13 permission of the [Bank] Commissioner.

14 (e) Any person who violates any provision of this section is guilty of a  
15 misdemeanor and on conviction is subject to:

16 (1) Forfeiture of the office or employment; and

17 (2) A fine not exceeding \$1,000 or imprisonment not exceeding 2years or  
18 both.

19 5-308.

20 A banking institution may not impose a service charge on any depositif withdrawals  
21 are restricted by law or by any rule or regulation of the [Bank] Commissioner.

22 5-403.

23 (a) Except as provided in this section, or otherwise expressly provided by State  
24 law, a banking institution may not have an affiliate.

25 (b) If the [Bank] Commissioner, after receiving the advice of the Banking Board,  
26 approves, a banking institution may have an affiliate that offers to the public a financial,  
27 fiduciary, or insurance service.

28 (c) On application of the banking institution, an affiliate shall beapproved if:

29 (1) The [Bank] Commissioner determines that the approval is:

30 (i) Reasonably required to protect the welfare of the general economy  
31 of this State and of the banking institution; and

32 (ii) Not detrimental to the public interest or to the banking institution;

33 (2) The approval imposes the same conditions that federal law requires or  
34 permits as to a national banking association; and

42

1 (3) The transaction complies with the rules, regulations, and conditions that  
2 the [Bank] Commissioner adopts.

3 5-404.

4 The [Bank] Commissioner has the same authority to examine the business of an  
5 affiliate that the [Bank] Commissioner has as to a banking institution.

6 5-405.

7 (a) Except as provided in this section, or otherwise expressly provided by State  
8 law, a banking institution may not have a bank service corporation.

9 (b) If the [Bank] Commissioner, after receiving the advice of the Banking Board,  
10 approves, a banking institution may have a bank service corporation.

11 (c) On application of the banking institution, a bank service corporation shall be  
12 approved if:

13 (1) The [Bank] Commissioner determines that approval is:

14 (i) Reasonably required to protect the welfare of the general economy  
15 of the State and of the banking institution; and

16 (ii) Not detrimental to the public interest or to the banking institution;

17 (2) The approval imposes the same conditions that federal law requires or  
18 permits as to a bank service corporation owned exclusively by national banking  
19 associations; and

20 (3) The transaction complies with the rules, regulations, and conditions that  
21 the [Bank] Commissioner adopts.

22 (d) This section does not apply to any bank service corporation organized before  
23 July 1, 1984.

24 5-406.

25 The [Bank] Commissioner has the same authority to examine the business of a  
26 bank service corporation that the [Bank] Commissioner has as to a banking institution.

27 5-407.

28 A banking institution may not permit any bank services to be performed for it,  
29 whether by contract or otherwise, unless the banking institution and the person  
30 performing the bank services give the [Bank] Commissioner satisfactory assurances that  
31 the performance of the bank services will be subject to regulation and examination by the  
32 [Bank] Commissioner to the same extent as if the banking institution itself were  
33 performing the bank services.

34 5-502.

35 (a) In this section:

36 (1) "Electronic terminal" means any manned or unmanned electronic  
37 machine that:

43

- 1 (i) Enables a customer of a banking institution to:
- 2 1. Withdraw money from an account or under an authorized
- 3 line of credit of the customer with the banking institution;
- 4 2. Transfer money from any account of the customer with the
- 5 banking institution to any other account with the banking institution; or
- 6 3. Deposit money into an account of the customer with the
- 7 banking institution;
- 8 (ii) Is not located at the principal banking office or any branch of the
- 9 banking institution; and
- 10 (iii) If manned, is manned by a person who is under contract with but is
- 11 not an employee or officer of the banking institution; and

12 (2) "Electronic terminal" does not include a telephone that the customer

13 operates.

14 (b) A banking institution may have an electronic terminal, if the [Bank]

15 Commissioner, after receiving the advice of the Banking Board, approves.

16 (c) The [Bank] Commissioner may approve a proposed electronic terminal only

17 if the [Bank] Commissioner determines that it will be an effective and efficient service,

18 consistent with sound banking practice, and the security of the transactions.

19 (d) (1) An electronic terminal may receive and dispense money as instructed by

20 a customer.

21 (2) A banking institution may verify by direct wire transmission or otherwise

22 any transaction that is made by means of an electronic terminal.

23 (3) The [Bank] Commissioner may adopt rules and regulations that are

24 substantially similar to those rules and regulations of the Comptroller of the Currency for

25 the operation and shared use of electronic terminals by national banking associations.

26 (e) (1) If, after an electronic terminal is approved, any requirement of the

27 section is not being met, the [Bank] Commissioner shall give the banking institution

28 notice of the deficiency.

29 (2) On notice of deficiency, a banking institution shall stop using the

30 electronic terminal.

31 (3) If the [Bank] Commissioner determines that the deficiency has been

32 corrected, the banking institution may resume use of the electronic terminal.

33 (f) For purposes of this article, an electronic terminal is not a branch of a banking

34 institution.

35 5-503.

36 (a) A banking institution may buy and hold real property only as provided in this

37 section.

44

1 (b) (1) Subject to the limitations in paragraph (3) of this subsection, a banking  
2 institution may buy or hold any real property that is necessary for the convenient  
3 transaction of its business.

4 (2) In addition to its offices, this property may include:

5 (i) A parking lot that the banking institution provides, with or without  
6 charge, primarily for the use of its customers; and

7 (ii) Any rental space that is located in the bank building or on  
8 adjoining land.

9 (3) A banking institution may not invest in its bank building and furnishings  
10 more than an amount that equals 50 percent of its unimpaired capital and surplus or  
11 guaranty fund unless, under conditions that the [Bank] Commissioner sets, the [Bank]  
12 Commissioner authorizes a greater amount as necessary for proper continuance of the  
13 banking business.

14 (c) (1) Subject to the limitations in paragraphs (2) and (3) of this subsection, a  
15 banking institution may hold any real property that the banking institution acquires:

16 (i) In satisfaction of a debt contracted in the course of its business; or

17 (ii) At sale on a judgment, decree, or mortgage foreclosure under a  
18 security that it holds.

19 (2) At a sale, a banking institution may not bid more than the amount of  
20 money that is necessary to satisfy the secured debts and costs.

21 (3) A banking institution:

22 (i) May not hold property acquired under this subsection for more  
23 than:

24 1. 8 years; and

25 2. Under conditions that the [Bank] Commissioner sets, 2  
26 additional years; and

27 (ii) Within 1 year after that period, shall:

28 1. Sell the property; or

29 2. Reduce the value of the property on its books to a value that  
30 the [Bank] Commissioner approves.

31 5-504.

32 (a) Notwithstanding any other provision of Titles 1 through 5 of this article, if the  
33 [Bank] Commissioner approves, banking institutions may engage in any additional  
34 banking activity or bank-related service in which, under federal law, national banking  
35 associations may engage.

36 (b) The [Bank] Commissioner may approve an additional activity or  
37 bank-related service only if:

45

1 (1) The [Bank] Commissioner determines that approval is:

2 (i) Reasonably required to protect the welfare of the general economy  
3 of this State and of banking institutions; and

4 (ii) Not detrimental to the public interest or to banking institutions;  
5 and

6 (2) The approval imposes the same conditions that federal law requires or  
7 permits as to national banking associations.

8 5-511.

9 (a) Banking institutions may not have common directors unless the [Bank]  
10 Commissioner finds that a common directorship is in the public interest and not  
11 detrimental to either banking institution.

12 (b) (1) An individual who now is a director of more than one banking institution  
13 may complete the term of office of each directorship and may be reelected to each  
14 directorship.

15 (2) This section does not prohibit any person from being an officer,  
16 employee, director, or trustee of a mutual holding company and its subsidiary savings  
17 bank, shares of which are owned by the same mutual holding company.

18 5-601.

19 (a) The board of directors of any banking institution may place the banking  
20 institution, including its property, records, and business, in the hands of the [Bank]  
21 Commissioner by posting on the front door of each banking office of the institution a  
22 notice that states: "This institution is in the hands of the Maryland [Bank]  
23 Commissioner".

24 (b) The banking institution immediately shall notify the [Bank] Commissioner of  
25 its action, and the [Bank] Commissioner immediately shall take possession of the  
26 institution.

27 5-602.

28 (a) (1) If the [Bank] Commissioner finds that the capital stock account of any  
29 commercial bank is impaired because of a loss or for any other reason, the [Bank]  
30 Commissioner, by notice to the board of directors of the commercial bank, may require  
31 the commercial bank to correct the impairment.

32 (2) If the commercial bank fails to correct the impairment within 3 months  
33 after the board receives the notice, the [Bank] Commissioner may take possession of the  
34 commercial bank, including its property, records, and business.

35 (b) (1) If the reserves of any commercial bank fall below the amount required  
36 under this article:

37 (i) The commercial bank may not increase its loans or discounts until  
38 the deficiency is corrected, except by discounting or buying drafts payable at sight or on  
39 demand; and

46

1 (ii) The [Bank] Commissioner, by notice to the board of directors of  
2 the commercial bank, shall require the commercial bank to correct the deficiency.

3 (2) If the commercial bank fails to correct the deficiency within 30 days after  
4 the board receives the notice, the [Bank] Commissioner may take possession of the  
5 commercial bank, including its property, records, and business.

6 5-603.

7 As long as the [Bank] Commissioner has possession of a banking institution, the  
8 property, records, and business of the institution are not subject to attachment, lien,  
9 execution, or distraint of any kind.

10 5-604.

11 After the [Bank] Commissioner takes possession of a banking institution, the  
12 [Bank] Commissioner promptly shall give notice of that fact to:

13 (1) Each person who has any asset of the institution; and

14 (2) The general public, by notice published in an appropriate newspaper.

15 5-605.

16 (a) Within a reasonable time after the [Bank] Commissioner takes possession of  
17 a banking institution, the [Bank] Commissioner, in the name of this State, shall petition  
18 an equity court in the county where the banking institution has its principal banking office  
19 to:

20 (1) Take jurisdiction over the banking institution; and

21 (2) Subject to subsection (b) of this section, appoint as receiver:

22 (i) An examiner; or

23 (ii) The Federal Deposit Insurance Corporation.

24 (b) (1) The [Bank] Commissioner may petition for appointment of the Federal  
25 Deposit Insurance Corporation as receiver only of a banking institution that the  
26 Corporation insures.

27 (2) Appointment of the Federal Deposit Insurance Corporation becomes  
28 effective when the Corporation files with the court and the court approves a certificate of  
29 acceptance.

30 (c) A receiver shall provide any bond that the court requires.

31 (d) If an examiner is appointed receiver, the examiner:

32 (1) May not receive further compensation for services as receiver; but

33 (2) Subject to order of the court, is entitled to reimbursement for expenses  
34 for legal and clerical help and travel.

47

1 5-607.

2 (b) (1) To safekeep and to secure payment of the money deposited with it, the  
3 depository bank or trust company shall deposit with the office of the [Bank]  
4 Commissioner general obligations of or obligations guaranteed by the federal  
5 government, this State, or any of its political subdivisions.

6 (2) These obligations shall be valued at the lower of market value or par  
7 value, and their value always shall be at least equal to the deposits of the receiver in the  
8 bank or trust company.

9 5-609.

10 Within 6 months after taking possession of any banking institution, the [Bank]  
11 Commissioner shall file with the court a complete and detailed report on the institution.

12 5-610.

13 As long as an examiner is in possession of any banking institution, the [Bank]  
14 Commissioner may permit the institution to reopen under the conditions that the [Bank]  
15 Commissioner approves and take the steps necessary to wind up any pending court  
16 proceeding.

17 5-612.

18 (a) The plan of reorganization shall be filed with the [Bank] Commissioner.

19 (b) (1) The [Bank] Commissioner may approve or disapprove the plan without  
20 a hearing.

21 (2) If the [Bank] Commissioner is satisfied that the proposed plan is in the  
22 best interests of the depositors and creditors of the banking institution, the [Bank]  
23 Commissioner shall:

24 (i) Approve the plan; and

25 (ii) Publish a notice of the approval in the Maryland Register as  
26 provided in the State Documents Law.

27 (3) The provisions of §§ 3-209, 3-211, and 3-301 of this article, to the extent  
28 that they require the capital stock and surplus of a commercial bank to be paid in full and  
29 in money, do not apply to the reorganization and reopening of a banking institution or the  
30 establishment of a new banking institution under this section.

31 (c) (1) Within 5 days after approval by the [Bank] Commissioner, the banking  
32 institution or the proponents of the plan shall send a notice to each depositor or other  
33 creditor at the address shown on the books of the institution.

34 (2) The notice shall:

35 (i) State that the plan has been filed with and is open to inspection at  
36 the office of the [Bank] Commissioner; and

37 (ii) Include a summary of the important provisions of the plan.



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1 (3) Failure to notify any party in interest does not affect the validity of the  
2 plan or its implementation.

3 (4) A certificate of the banking institution's president or of the proponents  
4 of the plan that the notice has been given is prima facie proof of compliance with this  
5 subsection.

6 (d) (1) Within 30 days after the first publication of the [Bank] Commissioner's  
7 notice, any party in interest who did not approve the plan may apply to the court for the  
8 value of that party's interest.

9 (2) Unless depositors and other unsecured creditors holding one-third or  
10 more of the dollar amount of all claims apply for the value of their interests, the court  
11 may pass an order approving the plan and setting the terms and conditions for  
12 termination of receivership.

13 (3) If sufficient creditors apply, the court shall:

14 (i) Determine the present cash value of the nonapproving party's  
15 interest on the basis of a judicial liquidation of the banking institution and order payment  
16 to the party of that amount, in money or in kind; or

17 (ii) Apportion to the nonapproving party a distributive share in the  
18 assets of the banking institution.

19 (4) If the court apportions the assets of the banking institution:

20 (i) Assets divisible in kind shall be apportioned between the  
21 institution and the nonapproving parties; and

22 (ii) Assets not divisible in kind shall be apportioned by allotting to the  
23 nonapproving parties shares of stock, securities, or certificates of interest that are issued  
24 by a corporation or trustee and that represent the nonapproving parties' interests in the  
25 indivisible assets, and the entire amount allotted to the nonapproving parties shall be  
26 delivered and paid to the receiver for liquidation for their benefit.

27 (e) Within 10 days after the final decision of the court, the proponents of the plan  
28 of reorganization may abandon it.

29 5-703.

30 (b) The [Bank] Commissioner may approve the operation of a branch that is  
31 open for business fewer days than described in subsection (a) of this section if the  
32 [Bank] Commissioner determines that:

33 (1) The branch will serve a customer base or community that has unique  
34 banking needs;

35 (2) At least 1 other branch of the banking institution is open for business as  
36 described in subsection (a) of this section; and

37 (3) The operation of the branch will not be detrimental to the public  
38 interest or to banking institutions.

49

1 5-801.

2 (a) If the [Bank] Commissioner believes that a director or officer of a banking  
3 institution has engaged in an unsafe or unsound banking practice, the [Bank]  
4 Commissioner shall send a warning to the director or officer.

5 (b) (1) If the [Bank] Commissioner finds that the director or officer has  
6 continued to engage in the unsafe or unsound practice, the [Bank] Commissioner, with  
7 the advice of the Banking Board, may report the facts to the Secretary of Labor,  
8 Licensing, and Regulation and the Attorney General.

9 (2) A copy of the report shall be sent by certified mail, return receipt  
10 requested, bearing a postmark from the United States Postal Service, to each director of  
11 the banking institution.

12 (c) (1) After giving the officer or director an opportunity to be heard, if the  
13 [Bank] Commissioner finds that the unsafe or unsound practice continued after the  
14 warning, the [Bank] Commissioner with the approval of the Secretary of Labor,  
15 Licensing, and Regulation may remove the officer or director.

16 (2) A copy of the removal order shall be served on the individual removed  
17 and the banking institution.

18 5-802.

19 (a) If the [Bank] Commissioner believes that a banking institution or any of its  
20 directors, officers, trustees, managers, agents, or employees has violated any provision of  
21 this article that relates to the institution, the [Bank] Commissioner immediately shall  
22 report the violation to the Secretary of Labor, Licensing, and Regulation, who shall ask  
23 the Attorney General to take the appropriate steps to institute a prosecution for the  
24 violation.

25 (b) (1) The [Bank] Commissioner shall send a warning to a director or officer  
26 of a banking institution who the [Bank] Commissioner believes has violated any  
27 provision of this article that relates to the institution.

28 (2) If, after the warning, the director or officer continues to violate the law,  
29 the director or officer may be removed as provided in § 5-801 of this subtitle.

30 (c) Unless another penalty specifically is provided elsewhere in this article, any  
31 banking institution and any director, officer, trustee, manager, agent, or employee of a  
32 banking institution who violates any provision of this article that relates to the institution  
33 is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$3,000 or  
34 imprisonment not exceeding 5 years or both.

35 5-807.

36 (b) The [Bank] Commissioner may further define specific acts or practices that  
37 are anticompetitive, unfair, deceptive, or injurious to the public interest.

38 5-808.

39 (a) The [Bank] Commissioner may order any banking institution to cease and  
40 desist from:

50

1 (1) An unsafe or unsound banking practice;

2 (2) A practice that is injurious to the public interest; or

3 (3) A violation of a law, rule, or regulation that relates to the [Bank]  
4 Commissioner's supervision of the institution.

5 (b) To protect depositors, stockholders, or the public, the [Bank] Commissioner  
6 may include in a cease and desist order a restriction on the withdrawal of money from any  
7 banking institution.

8 (c) The [Bank] Commissioner may include in a cease and desist order a  
9 requirement that the officers or directors of a banking institution act affirmatively to  
10 correct any violation or practice.

11 (d) (1) Before a cease and desist order takes effect, the [Bank] Commissioner  
12 shall give the banking institution an opportunity for a hearing.

13 (2) Notice of the hearing shall be given and the hearing shall be held in  
14 accordance with the Administrative Procedure Act.

15 (e) If the [Bank] Commissioner determines that the violation or practice under  
16 subsection (a) of this section requires immediate action to protect depositors,  
17 stockholders, or the public, the [Bank] Commissioner:

18 (1) May issue a cease and desist order that is effective on service; and

19 (2) Shall give the banking institution an opportunity for a hearing to rescind  
20 the order.

21 5-809.

22 On application by the [Bank] Commissioner, a court of competent jurisdiction may  
23 issue an injunction to restrain a banking institution from:

24 (1) An unsafe or unsound banking practice;

25 (2) A practice that is injurious to the public interest; or

26 (3) A violation of a law, rule, or regulation that relates to the [Bank]  
27 Commissioner's supervision of the institution.

28 5-901.

29 (h) "Commissioner" means the [Maryland Bank] Commissioner OF  
30 FINANCIAL REGULATION.

31 5-1008.

32 (a) A banking institution that establishes a branch in another state may exercise  
33 at that branch all powers and rights permitted to banks in that state unless the [Bank]  
34 Commissioner determines that the exercise of a power or right would threaten the safety  
35 and soundness of the banking institution.

51

1 5-1009.

2 (a) Subject to § 5-1012 of this subtitle, the [Bank] Commissioner shall have the  
3 power to examine every branch of an other-state bank located in this State for the same  
4 purposes and to the same extent as the [Bank] Commissioner may examine a branch of  
5 a banking institution.

6 (b) The [Bank] Commissioner may enter into agreements with bank supervisory  
7 agencies regarding the scope, timing, coordination, and frequency of examinations and  
8 other supervisory matters, including the sharing of information obtained through  
9 examination of other-state banks that maintain branches in this State.

10 (c) Supervisory and examination fees related to the [Bank] Commissioner's  
11 oversight of Maryland branches of other-state banks and branches of banking institutions  
12 in other states may be imposed and shall be calculated in the manner agreed to between  
13 the [Bank] Commissioner and the home state regulators.

14 5-1010.

15 (a) Subject to § 5-1012 of this subtitle, if the [Bank] Commissioner finds that a  
16 branch of an other-state bank in this State is being operated in an unsafe or unsound  
17 manner or there is any violation of Maryland law by the branch of the other-state bank,  
18 the Commissioner may undertake enforcement actions as otherwise authorized under  
19 provisions in this article governing banking institutions.

20 (b) The [Bank] Commissioner may enter into joint enforcement actions with  
21 other bank supervisory agencies having concurrent jurisdiction over an other-state bank  
22 that has a branch in this State.

23 5-1011.

24 Subject to § 5-1012 of this subtitle, the [Bank] Commissioner may require a bank  
25 that maintains a branch in this State to submit to the [Bank] Commissioner its  
26 consolidated reports of condition and income in the form specified by the Federal  
27 Financial Institutions Examination Council.

28 5-1012.

29 With respect to the supervision, enforcement, and reporting requirements of §§  
30 5-1009, 5-1010, and 5-1011 of this subtitle, the [Bank] Commissioner shall act primarily  
31 in cooperation with the home state regulator or federal regulator of the affected  
32 out-of-state bank.

33 5-1014.

34 (a) An out-of-state bank that proposes to establish a branch in this State:

35 (1) Shall qualify under § 7-203 of the Corporations and Associations Article  
36 to do business in the State as a foreign corporation; and

37 (2) Within 15 days of filing a branch application with the appropriate bank  
38 supervisory agency, shall provide the [Bank] Commissioner with a copy of the branch  
39 application.

52

1 5-1101.

2 (d) "Commissioner" means the [Bank] Commissioner OF FINANCIAL  
3 REGULATION of this State.

4 5-1103.

5 (c) (1) Except as otherwise provided by law, any person who knowingly submits  
6 false information to the [Bank] Commissioner while complying with this section is guilty  
7 of a misdemeanor.

8 (2) A person who violates this section is subject to a fine of not more than  
9 \$1,000, or imprisonment for not more than 5 years, or both.

10 (e) (2) As to each conversion, the savings and loan association to be converted  
11 shall file with the [Bank] Commissioner a bank charter and otherwise comply with §  
12 3-203 of this article.

13 6-102.

14 Credit unions are subject to the supervision of the [Bank] Commissioner OF  
15 FINANCIAL REGULATION.

16 6-204.

17 (a) The incorporators shall file with the [Bank] Commissioner for examination  
18 the two copies of the articles of incorporation and bylaws.

19 (b) The [Bank] Commissioner shall investigate and determine if:

20 (1) The articles and bylaws are framed in accordance with law;

21 (2) The bylaws are reasonable;

22 (3) The character, responsibility, and general fitness of the incorporators  
23 command confidence and warrant belief that the business of the proposed credit union  
24 will be conducted honestly and efficiently, in accordance with the intent of this title; and

25 (4) Allowing the proposed credit union to engage in business:

26 (i) Will promote public convenience and advantage; and

27 (ii) Is expedient and desirable.

28 (c) After the investigation, the [Bank] Commissioner may require any change in  
29 the articles of incorporation or bylaws that the [Bank] Commissioner considers  
30 necessary.

31 (d) (1) Within 60 days after the articles and bylaws are filed for examination,  
32 the [Bank] Commissioner shall sign, date, and endorse each copy of the articles and  
33 bylaws as "approved" or "refused".

34 (2) If formation of the credit union is refused, the [Bank] Commissioner  
35 shall return one of the endorsed copies of the articles and bylaws to the incorporators.

53

1 (3) If formation of the credit union is approved, the [Bank] Commissioner  
2 shall:

3 (i) Return one of the endorsed copies of the articles and bylaws to the  
4 incorporators; and

5 (ii) Keep and record one of the endorsed copies.

6 (e) For filing with the [Bank] Commissioner approved articles and bylaws, the  
7 incorporators shall pay to the [Bank] Commissioner a fee of \$10.

8 6-205.

9 (a) If the [Bank] Commissioner approves the articles and bylaws, the  
10 incorporators shall file for record with the State Department of Assessments and  
11 Taxation one of the endorsed copies of the articles and bylaws.

12 (b) Articles of incorporation and bylaws that are filed for record are not effective  
13 unless the [Bank] Commissioner has endorsed the articles and bylaws as approved.

14 6-207.

15 In addition to the powers set forth elsewhere in this title, a credit union may:

16 (4) Subject to the rules and regulations of the [Bank] Commissioner, sell to  
17 its members negotiable checks, including traveler's checks, and money orders;

18 6-208.

19 Notwithstanding any other provision of this title, on approval of the [Bank]  
20 Commissioner and the Credit Union Insurance Corporation, a credit union may engage in  
21 any additional credit union activity or provide any related service under the same  
22 conditions that federal law or regulation requires or permits as to federal credit unions.

23 6-210.

24 The members of a credit union are:

25 (1) Each incorporator; and

26 (2) Each other person who:

27 (i) Is elected to membership;

28 (ii) Subscribes to and pays for at least one share;

29 (iii) Pays any entrance fee;

30 (iv) Shares with all other members of the credit union one of the  
31 common bonds approved by the [Bank] Commissioner and set out under the bylaws; and

32 (v) Meets all of the other requirements of the bylaws.

33 6-211.1.

34 (a) The provisions of this section do not apply to:

54

- 1 (1) An action authorized under § 6-215 or § 6-223 of this subtitle;
- 2 (2) A voluntary dissolution under § 6-703 of this title; or
- 3 (3) A vote for which the [Bank] Commissioner has waived the requirement
- 4 for a mail ballot under § 6-701(d), § 6-701.1(e), § 6-702(e), or § 6-704(e) of this title.

5 6-219.

- 6 (b) Each member of the board of directors, the supervisory committee, and the
- 7 credit committee is entitled to the compensation that the members authorize, subject to
- 8 the approval of the [Bank] Commissioner.

9 6-220.

- 10 (a) With the approval of the [Bank] Commissioner, the board of directors may
- 11 call a special meeting of the members of the credit union to act on a report or
- 12 recommendation of the supervisory committee that concerns the suspension from office
- 13 of a member of the credit committee, a director, or an officer.

14 6-222.

- 15 (b) An amendment to the bylaws or articles of incorporation does not become
- 16 effective until the amendment is approved by the [Bank] Commissioner and a copy
- 17 certified by the [Bank] Commissioner is filed with the State Department of Assessments
- 18 and Taxation.

19 6-302.

- 20 (e) The supervisory committee shall send to the [Bank] Commissioner a copy of
- 21 all recommendations, charges, and findings that the committee presents to the board of
- 22 directors.

23 6-303.

- 24 (a) In this section, "examiner" means:

- 25 (1) The [Bank] Commissioner OF FINANCIAL REGULATION; and
- 26 (2) An individual whom the [Bank] Commissioner designates as examiner.

- 27 (b) An examiner shall visit each credit union and examine its business:

- 28 (1) [At least once a year] ON A REGULARLY SCHEDULED BASIS AS
- 29 DETERMINED BY THE COMMISSIONER;
- 30 (2) When asked to do so by the board of directors or supervisory committee
- 31 of the credit union; and
- 32 (3) At any other time that the [Bank] Commissioner considers necessary.

- 33 (c) For each examination of a credit union, the credit union shall pay the [Bank]
- 34 Commissioner the sum of:

- 35 (1) \$20; and
- 36 (2) The lesser of:

55

1 (i) \$40 a day for each examiner; or

2 (ii) \$20 plus 1/18 of 1 percent of assets of the credit union over  
3 \$10,000.

4 6-304.

5 (a) On or before March 31 of each year, each credit union shall report to the  
6 [Bank] Commissioner on the business of the credit union during the preceding calendar  
7 year.

8 (b) The [Bank] Commissioner may require any other reports from a credit union  
9 that the [Bank] Commissioner considers necessary.

10 (c) Each report made under this section shall be:

11 (1) On the form that the [Bank] Commissioner provides; and

12 (2) Signed and acknowledged by:

13 (i) A majority of the members of the supervisory committee; and

14 (ii) The president, vice-president, secretary, or treasurer of the credit  
15 union.

16 (d) If a credit union fails to make any report as required by this title, the credit  
17 union shall pay to the [Bank] Commissioner \$5 for each day that the report is overdue.

18 6-305.

19 If the [Bank] Commissioner finds that the supervisory committee of a credit union  
20 is not performing its duties properly, the [Bank] Commissioner may require the credit  
21 union to have a certified public accountant audit the credit union for any period of time  
22 that the [Bank] Commissioner considers necessary. The audit shall be made at the  
23 expense of the credit union.

24 6-306.

25 The board of directors may call a meeting of the members of the credit union to act  
26 on any practice of the credit union that the supervisory committee, with the concurrence  
27 of the [Bank] Commissioner, considers unsafe or unauthorized.

28 6-307.

29 (a) The [Bank] Commissioner may order a credit union to take corrective action  
30 if the [Bank] Commissioner finds that the credit union:

31 (1) Has failed to file a report when due;

32 (2) Is insolvent;

33 (3) Has violated any provision of this title; or

34 (4) Is engaged in an unsafe or unauthorized practice.



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1 (b) Before the order becomes effective, the [Bank] Commissioner shall give the  
2 credit union an opportunity for a hearing.

3 (c) If the credit union fails to comply with the order within 60 days after it  
4 becomes effective, the [Bank] Commissioner may:

5 (1) Take possession of the business and assets of the credit union and  
6 operate it until the [Bank] Commissioner permits it to resume business or until the  
7 [Bank] Commissioner orders its liquidation under item (3) of this subsection;

8 (2) Order the Credit Union Insurance Corporation to take possession of the  
9 business and assets of the credit union and operate it in accordance with the [Bank]  
10 Commissioner's instructions until the [Bank] Commissioner permits it to resume  
11 business or until the [Bank] Commissioner orders its liquidation under item (3) of this  
12 subsection; or

13 (3) Place the credit union in receivership for liquidation in the same manner  
14 as provided for a banking institution under Title 5, Subtitle 6 of this article.

15 6-307.1.

16 (a) The [Bank] Commissioner shall order any credit union to cease and desist  
17 from:

18 (1) An unsafe or unsound banking practice;

19 (2) A practice that is injurious to the public interest; or

20 (3) A violation of laws or rules or regulations that relate to the [Bank]  
21 Commissioner's supervision of the credit union.

22 (b) To protect depositors or shareholders, the [Bank] Commissioner may include  
23 in a cease and desist order a restriction on the withdrawal of money from any credit  
24 union.

25 (c) The [Bank] Commissioner may include in a cease and desist order a  
26 requirement that the officers, directors, or committee members of a credit union act  
27 affirmatively to correct any violation or practice.

28 (d) (1) Before a cease and desist order takes effect, the [Bank] Commissioner  
29 shall give the credit union an opportunity for a hearing.

30 (2) Notice of the hearing shall be given and the hearing shall be held in  
31 accordance with Title 10 of the State Government Article.

32 (e) If the [Bank] Commissioner determines that the violation or practice under  
33 subsection (a) of this section requires immediate action to protect depositors or  
34 shareholders, the [Bank] Commissioner:

35 (1) May issue a cease and desist order that is effective on service; and

36 (2) Shall give the credit union an opportunity for a hearing to rescind the  
37 order.

57

1 6-307.2.

2 (a) (1) If the [Bank] Commissioner believes that a director, officer, or  
3 committee member of a credit union has engaged in an unsafe or unsound practice, the  
4 [Bank] Commissioner shall send a warning to the director, officer, or committee  
5 member.

6 (2) If the [Bank] Commissioner finds that the director, officer, or  
7 committee member has continued to engage in the unsafe or unsound practice, the  
8 [Bank] Commissioner may report the facts to the Secretary of Labor, Licensing, and  
9 Regulation and the Attorney General.

10 (3) A copy of the report shall be sent by certified mail, return receipt  
11 requested, bearing a postmark from the United States Postal Service, to each director of  
12 the credit union.

13 (b) If the [Bank] Commissioner finds that the unsafe or unsound practice  
14 continues after the warning and the officer, director, or committee member was provided  
15 an opportunity to be heard, the [Bank] Commissioner may remove the officer, director,  
16 or committee member with the approval of the Secretary of Labor, Licensing, and  
17 Regulation.

18 (c) A copy of the removal order shall be served on the individual removed and the  
19 credit union.

20 6-307.3.

21 (a) If the [Bank] Commissioner believes that any director, officer, committee  
22 member, agent, or employee has violated any provision of this title, the [Bank]  
23 Commissioner immediately shall report the violation directly to the Secretary of Labor,  
24 Licensing, and Regulation and to the Attorney General who shall take the appropriate  
25 steps to institute a prosecution for the violation.

26 (b) (1) The [Bank] Commissioner shall send a written warning to a director,  
27 officer, committee member, agent, or employee of a credit union who the [Bank]  
28 Commissioner believes has violated any provision of this title.

29 (2) If after a warning the violation continues, the director, officer,  
30 committee member, agent, or employee may be removed under § 6-307 of this title.

31 (3) Unless otherwise specified, any director, officer, committee member,  
32 agent, or employee of a credit union who violates the provisions of this title is guilty of a  
33 misdemeanor and on conviction is subject to a fine not exceeding \$3,000 or imprisonment  
34 not exceeding 5 years.

35 6-308.

36 As to any credit union that is insured under the Federal Credit Union Act, the  
37 [Bank] Commissioner:

38 (1) Shall give the National Credit Union Administration and any official or  
39 examiner of that Administration access to all of the information that the [Bank]  
40 Commissioner has as to the condition or affairs of the insured credit union; and

58

1 (2) May give to the National Credit Union Administration and any official  
2 or examiner of that Administration a copy of any examination made of or report made by  
3 the insured credit union.

4 6-505.

5 (a) A loan by a credit union to a member shall be secured as required by the  
6 credit union, subject to the provisions of this section.

7 (b) (1) A credit union may make a loan of \$400 or less to a member without  
8 security.

9 (2) With the approval of the [Bank] Commissioner, a credit union may  
10 make loans of \$20,000 or less to members without security.

11 (c) A credit union may accept as security for a loan:

12 (1) An endorsed note;

13 (2) A note secured by a recorded first or second lien on real property;

14 (3) An assignment of shares or deposits in the credit union; or

15 (4) Any other kind of security that is approved by the [Bank]  
16 Commissioner.

17 6-506.

18 (a) With the approval of the [Bank] Commissioner, a credit union may make  
19 loans to members as provided in this section.

20 6-601.

21 (b) No credit union may voluntarily terminate its insurance with the National  
22 Credit Union Administration Share Insurance Program without prior approval of the  
23 [Bank] Commissioner.

24 6-602.

25 (a) In this section, "risk assets" means all assets of a credit union except:

26 (6) Common trust investments authorized by the [Bank] Commissioner;

27 (b) Each credit union shall have a reserve fund to meet losses on loans and to  
28 meet other contingencies that the [Bank] Commissioner specifies. The reserve fund may  
29 be distributed to the members of the credit union only on dissolution of the credit union.

30 6-603.

31 (a) The capital, deposits, surplus, and reserves of a credit union that are not  
32 committed for loans may be:

33 (1) Deposited in State banking institutions, national banking associations  
34 located in this State, or insured savings and loan associations located in this State;

35 (2) Invested in general obligations of or obligations guaranteed by the  
36 United States, this State, or any political subdivision;

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1 (3) Invested in certificates of deposit with the prior approval of the [Bank]  
2 Commissioner; or

3 (4) Deposited or invested in any other manner that the [Bank]  
4 Commissioner approves.

5 6-604.

6 A credit union may borrow money for not longer than 1 year from any source,  
7 including another credit union, as long as the total borrowing does not exceed 50 percent  
8 of the paid-in and unimpaired capital and surplus of the borrowing credit union. The  
9 1-year period may be extended for an additional year with the approval of the [Bank]  
10 Commissioner.

11 6-605.

12 A credit union may change its place of business on written notice to the [Bank]  
13 Commissioner.

14 6-607.

15 A credit union shall post its hours of operation prominently in its office. Each credit  
16 union shall be open for business during its posted hours, except that a credit union may  
17 close:

18 (1) On any State holiday;

19 (2) At any other time if:

20 (i) Notice of the closing is posted prominently in its office 3 business  
21 days in advance; or

22 (ii) Specifically authorized to close by the [Bank] Commissioner.

23 6-701.

24 (a) Any State credit union may convert into a federal credit union as provided by  
25 federal law and as provided in this section.

26 (b) A majority of the board of directors of a credit union proposing to convert  
27 shall:

28 (1) Adopt a resolution that declares that the conversion is advisable; and

29 (2) Set a date for a vote on the proposed conversion by the members of the  
30 credit union by mail ballot to be filed on or before that date.

31 (c) The [Bank] Commissioner, at the request of the board of directors of a credit  
32 union, may waive the requirement for a mail ballot and may substitute any reasonable  
33 method of determining the vote of the members.

34 (d) Written notice of the proposed conversion and of the date set for the vote  
35 shall be delivered in person to each member or mailed to each member at the member's  
36 address as recorded by the credit union, not more than 30 days nor less than 7 days before  
37 the date set for the vote.

60

1 (e) (1) The proposed conversion shall be approved by the affirmative vote of a  
2 majority of the members of the credit union who vote on the proposal.

3 (2) Within 10 days after the vote, a statement of the results of the vote shall  
4 be filed with the [Bank] Commissioner. The statement shall be verified by the president  
5 or vice-president and by the secretary of the credit union.

6 (f) (1) Within 90 days after a proposed conversion is approved, the credit union  
7 shall take any action necessary under federal law to make it a federal credit union.

8 (2) Within 10 days after the credit union receives a federal credit union  
9 charter, a copy of that charter shall be filed with the [Bank] Commissioner and, when  
10 the copy is filed, the credit union ceases to be a State credit union.

11 (3) The [Bank] Commissioner shall file a copy of the federal charter with  
12 the State Department of Assessments and Taxation.

13 (g) When the conversion from a State credit union to a federal credit union is  
14 complete:

15 (1) The State credit union is no longer subject to the provisions of this title;  
16 and

17 (2) The successor federal credit union owns all the assets and is responsible  
18 for all the obligations of the State credit union as though the conversion had not taken  
19 place.

20 6-701.1.

21 (a) Any credit union organized under the laws of any other state or of the United  
22 States may convert to a State credit union as provided in this section.

23 (b) A credit union proposing to convert shall meet:

24 (1) All of the requirements of this title for the incorporation of a credit  
25 union in this State; and

26 (2) All of the requirements of the [Bank] Commissioner.

27 (c) A majority of the board of directors of a credit union proposing to convert  
28 shall:

29 (1) Adopt a resolution that declares that the conversion is advisable; and

30 (2) Set a date for a vote on the proposed conversion by the members of the  
31 credit union by mail ballot to be filed on or before that date.

32 (d) The [Bank] Commissioner, at the request of the board of directors of a credit  
33 union, may waive the requirement for a mail ballot and may substitute any reasonable  
34 method of determining the vote of the members.

35 (e) Written notice of the proposed conversion and of the date set for the vote  
36 shall be delivered in person to each member or mailed to each member at the member's  
37 address as recorded by the credit union, not more than 30 days nor less than 7 days before  
38 the date set for the vote.

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1 (f) (1) The proposed conversion shall be approved by the affirmative vote of a  
2 majority of the members of the credit union who vote on the proposal.

3 (2) Within 10 days after the vote, a statement of the results of the vote shall  
4 be filed with the [Bank] Commissioner. The statement shall be verified by the president  
5 or vice-president and the secretary.

6 (g) When the conversion is complete, the successor credit union owns all of the  
7 assets and is responsible for all the obligations of the credit union as though the  
8 conversion had not taken place.

9 6-702.

10 (a) With the approval of the [Bank] Commissioner, any credit union may merge  
11 into any other credit union under the existing charter of the other credit union as  
12 provided in this section.

13 (b) A majority of the board of directors of each credit union proposing a merger  
14 shall:

15 (1) Adopt a resolution that declares that the merger is advisable; and

16 (2) Set a date for a vote on the proposed merger by the members of each  
17 credit union party to the merger by mail ballot to be filed on or before that date.

18 (c) The [Bank] Commissioner, at the request of the board of directors of a credit  
19 union, may waive the requirement for a mail ballot and may substitute any reasonable  
20 method of determining the vote of the members.

21 (d) The merger shall be in accordance with a plan that is:

22 (1) Agreed to by a majority of the board of directors of each credit union  
23 party to the merger; and

24 (2) Approved by the members of each credit union party to the merger, by  
25 the affirmative vote of a majority of the members of each credit union party to the merger  
26 who vote on the proposal.

27 (e) (1) After agreement by the directors and approval by the members of the  
28 merging credit unions, the president and secretary of each credit union party to the  
29 merger shall execute a certificate of merger.

30 (2) The certificate of merger shall include as to each credit union party to  
31 the merger:

32 (i) The time and place of the meeting of the board of directors at  
33 which the plan was agreed to;

34 (ii) The vote by which the plan was agreed to by the directors;

35 (iii) A copy of the resolution or other action by which the plan was  
36 agreed to by the directors;

37 (iv) The date on or by which the plan was approved by the members;  
38 and

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1 (v) The vote by which the plan was approved by the members.

2 (f) The certificate of merger and a copy of the plan of merger shall be:

3 (1) Sent to the [Bank] Commissioner; and

4 (2) If approved by the [Bank] Commissioner, certified by the [Bank]  
5 Commissioner and returned to each credit union party to the merger within 30 days.

6 (g) When the certificate is certified and sent back to the credit unions by the  
7 [Bank] Commissioner:

8 (1) All of the property, property rights, and members' interest of the merged  
9 credit union belong to the surviving credit union without deed, endorsement, or other  
10 instrument of transfer;

11 (2) All of the debts, obligations, and liabilities of the merged credit union  
12 are assumed by the surviving credit union; and

13 (3) The rights and privileges of the members of the merged credit union  
14 remain intact.

15 (h) The surviving credit union shall act promptly to file and record the certified  
16 certificate and plan of merger with the State Department of Assessments and Taxation.

17 6-703.

18 (a) Any credit union may dissolve voluntarily, if the members of the credit union  
19 and the [Bank] Commissioner approve the dissolution as provided in this section.

20 (b) (1) A proposed dissolution shall be approved at a meeting called for that  
21 purpose by the affirmative vote of 80 percent of the entire membership of the credit  
22 union.

23 (2) Each member who votes for the dissolution shall sign a statement of  
24 consent to the dissolution.

25 (c) After a proposed dissolution is approved by the members, the credit union  
26 shall file with the [Bank] Commissioner:

27 (1) A copy of the statement of consent, attested to by its president or a  
28 vice-president and by its secretary or treasurer; and

29 (2) A verified statement of the names and addresses of its officers and  
30 directors.

31 (d) (1) If the [Bank] Commissioner finds that the credit union is solvent, the  
32 [Bank] Commissioner shall issue to the credit union duplicate certificates stating that  
33 the credit union appears to have complied with this section.

34 (2) The credit union shall file one of the certificates with the State  
35 Department of Assessments and Taxation.

36 (e) When the certificate is filed with the State Department of Assessments and  
37 Taxation, the credit union is dissolved.

1 (f) (1) On dissolution, a credit union may operate only to wind up its business  
2 and affairs.

3 (2) Under the direction of the [Bank] Commissioner, the board of directors  
4 of the dissolved credit union shall:

5 (i) Discharge its debts and obligations;

6 (ii) Collect and distribute its assets; and

7 (iii) Do anything else necessary to wind up its business and affairs.

8 (3) For 3 years after the dissolution becomes effective, the credit union,  
9 acting by its board of directors:

10 (i) Shall continue in existence for the purpose of winding up its  
11 business and affairs; and

12 (ii) May sue and be sued in its name.

13 6-704.

14 (a) Any credit union voluntarily may place its business and assets in the hands of  
15 the [Bank] Commissioner for liquidation as provided in this section.

16 (b) A majority of the board of directors of a credit union proposing a voluntary  
17 receivership shall:

18 (1) Adopt a resolution that declares that the voluntary receivership is  
19 advisable; and

20 (2) Set a date for a vote on the proposed voluntary receivership by the  
21 members of the credit union by mail ballot to be filed on or before that date.

22 (c) The [Bank] Commissioner, at the request of the board of directors of a credit  
23 union, may waive the requirement for a mail ballot and may substitute any reasonable  
24 method of determining the vote of the members.

25 (d) The proposed voluntary receivership shall be approved by the affirmative vote  
26 of a majority of the members of the credit union who vote on the proposal.

27 (e) After the action is approved by the members, the proper officers of the credit  
28 union shall certify the action of the members to the [Bank] Commissioner, and the  
29 [Bank] Commissioner shall post a notice at each office of the credit union that states:  
30 "This credit union is in the hands of the Maryland [Bank] Commissioner for  
31 liquidation."

32 (f) If a credit union is placed in the hands of the [Bank] Commissioner under  
33 this section, the [Bank] Commissioner shall place the credit union in receivership for  
34 liquidation in the same manner as provided for a banking institution under Title 5,  
35 Subtitle 6 of this article.



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1 7-103.

2 The purposes of the Corporation are to:

3 (10) Cooperate with and assist credit unions, organizations of credit unions,  
4 the [Bank] Commissioner OF FINANCIAL REGULATION, the National Credit Union  
5 Administration, the Central Credit Union of Maryland, and others in improving the  
6 general welfare of the people through credit unions.

7 7-104.

8 (a) The Corporation exercises its powers and performs its duties subject to the  
9 authority of the [Bank] Commissioner OF FINANCIAL REGULATION.

10 (b) Except as otherwise provided in this title, the Corporation has all of the  
11 powers, privileges, and immunities granted to Maryland corporations under the Maryland  
12 General Corporation Law.

13 (c) The Corporation has perpetual existence.

14 (d) The Corporation may:

15 (1) Lend money to any credit union;

16 (2) Guarantee, endorse, or act as surety on the obligations of or otherwise  
17 assist financially any credit union; and

18 (3) Establish and regulate the terms and conditions of and charges for any  
19 loans or financial assistance to credit unions.

20 (e) (1) The Corporation may buy, lease, or otherwise acquire and sell,  
21 mortgage, lease, or otherwise dispose of real or personal property on the terms that its  
22 Board of Directors considers advisable.

23 (2) The Corporation may acquire any real or personal property in  
24 satisfaction of debts or enforcement of obligations and may dispose of that property.

25 (f) The Corporation may:

26 (1) Assist in the merger, stabilization, consolidation, or liquidation of credit  
27 unions; and

28 (2) Take possession of and operate the business and assets of any credit  
29 union if ordered to do so by the [Bank] Commissioner under § 6-307 of this article.

30 (g) The Corporation may become a member of the National Association of Share  
31 Insurance Corporations or any comparable organization.

32 (h) The Corporation may invest any of its funds in:

33 (1) Cash or deposits in checking or savings accounts with or certificates of  
34 deposit of:

35 (i) Any bank that is a member of the Federal Deposit Insurance  
36 Corporation; and

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1 (ii) Any savings and loan association that is a member of the Federal  
2 Savings and Loan Insurance Corporation, the State of Maryland Deposit Insurance Fund  
3 Corporation, or a similar insurance program;

4 (2) Cash or deposits in share or deposit accounts with or certificates of  
5 deposit or notes of any credit union that is a member of the Corporation, the National  
6 Credit Union Administration Share Insurance Program, or a similar insurance program;

7 (3) Obligations of:

8 (i) The United States or any state or any political subdivision of any  
9 state;

10 (ii) Any commission, instrumentality, agency, or authority of the  
11 United States or any state; and

12 (iii) Any corporation that is incorporated under the laws of the United  
13 States or of any state;

14 (4) Readily marketable, dividend-paying shares of any corporation that is  
15 incorporated under the laws of the United States or of any state, except that it may not  
16 invest more than 10 percent of its total assets in these shares nor more than 3 percent of  
17 its total assets in the shares of any one corporation; and

18 (5) Any other investments, including common trust investments, that are  
19 permitted by law or authorized by the [Bank] Commissioner for credit unions.

20 (i) The Corporation may:

21 (1) Borrow money and otherwise incur obligations for any of its purposes;

22 (2) Issue its secured or unsecured bonds, debentures, notes, or other  
23 evidences of obligation; and

24 (3) Secure these obligations by mortgage, pledge, or other lien on all or any  
25 part of its property, rights, and privileges.

26 7-106.

27 (a) (1) Any credit union may apply to the Corporation to become a member of  
28 the Corporation.

29 (2) The Corporation shall refer each application that it receives to the  
30 [Bank] Commissioner.

31 (b) On receipt of an application for membership, the [Bank] Commissioner shall  
32 examine the affairs of the credit union. If the [Bank] Commissioner finds that the credit  
33 union qualifies for membership under § 7-107 of this title, the Commissioner shall certify  
34 that fact to the Corporation.

35 (c) The Corporation may not extend benefits to any credit union until the  
36 Corporation receives the certification of the [Bank] Commissioner.

66

1 7-107.

2 (a) (1) A credit union becomes a member of the Corporation when:

3 (i) The financial affairs, solvency, and management of a credit union  
4 have been certified by the [Bank] Commissioner as approved for insurance of its share  
5 and deposit accounts; and

6 (ii) The application of the credit union is accepted by the Board of  
7 Directors of the Corporation.

8 (2) The Board of Directors of the Corporation may deny the application of  
9 a credit union only for good cause shown.

10 (c) (1) If the Board of Directors of the Corporation finds that unsafe or  
11 unsound practices or mismanagement of a member threatens loss to the Corporation or  
12 appears to affect adversely the solvency of the member, the Board may:

13 (i) Order the member to correct the situation; or

14 (ii) With the approval of the [Bank] Commissioner and after giving  
15 the member notice and an opportunity for a hearing, revoke the membership of the credit  
16 union.

17 (2) A credit union that is organized under federal law or the laws of any  
18 other state may withdraw from the Corporation by:

19 (i) Giving written notice at least 1 year in advance; and

20 (ii) Complying with the bylaws, rules, and regulations of the  
21 Corporation.

22 7-109.

23 (f) Each director is entitled to reasonable compensation, as set by the Board of  
24 Directors with the approval of the [Bank] Commissioner.

25 7-111.

26 (a) The Board of Directors of the Corporation shall adopt bylaws for the  
27 Corporation and rules and regulations to carry out the provisions of this title.

28 (b) (1) A bylaw, rule, or regulation becomes effective only after it is submitted  
29 to and approved by the [Bank] Commissioner.

30 (2) A bylaw, rule, or regulation is considered approved if the [Bank]  
31 Commissioner does not notify the Corporation of disapproval and the reasons for it  
32 within 30 days after submission of the bylaw, rule, or regulation.

33 (3) The [Bank] Commissioner may disapprove a bylaw, rule, or regulation  
34 only if the [Bank] Commissioner has reason to believe that:

35 (i) It is contrary to the principles or purposes of this title; or

36 (ii) It does not serve the best interests of the public.

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1 7-113.

2 (a) This section applies notwithstanding any other provisions of law.

3 (b) (1) The Corporation and the [Bank] Commissioner may exchange  
4 information about credit unions.

5 (2) The [Bank] Commissioner shall make available to the Corporation all  
6 examinations of credit unions that are members of the Corporation.

7 (c) If a credit union is not incorporated under the laws of this State, the credit  
8 union may not be accepted as a member of the Corporation unless it submits a written  
9 statement from the agency that regulates it stating that the agency will cooperate with the  
10 [Bank] Commissioner in carrying out the provisions of this title.

11 9-101.

12 (e) "Deposit association" means a savings and loan association that has savings  
13 deposit accounts.

14 (f) "Division Director" means the [Bank] Commissioner of [the State of  
15 Maryland] FINANCIAL REGULATION.

16 9-208.1.

17 (b) The Division Director may approve an application seeking incorporation of a  
18 newly formed savings and loan association under this title if:

19 (3) All other requirements set forth in this title and imposed by the [Bank]  
20 Commissioner OF FINANCIAL REGULATION are satisfied.

21 9-216.

22 (g) Approval under this section is not required for an acquisition in the case of  
23 either:

24 (1) An acquisition of shares by the issuer of the shares or by a person who,  
25 at the time of acquisition, controls the association or entity whose shares or interest are  
26 proposed to be acquired;

27 (2) A merger or consolidation which requires the approval of the Division  
28 Director, [Bank] Commissioner OF FINANCIAL REGULATION, or the Federal  
29 Home Loan Bank Board;

30 (3) A transaction by a broker-dealer who does no more than perform the  
31 customary broker's function in transactions on a stock exchange or in the  
32 over-the-counter market, who receives no more than the customary broker's commission  
33 and who does not solicit, or arrange for the solicitation of orders; or

34 (4) A transfer through testate or intestate succession, as longas the  
35 acquiring party advises the Division Director in writing within 30 daysof the acquisition  
36 and provides the information that the Division Director requires.

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1 9-631.

2 A capital stock savings and loan association may convert to a commercial bank if:

3 (3) The [Bank] Commissioner OF FINANCIAL REGULATION  
4 approves;

5 9-632.

6 To convert to a commercial bank, a capital stock savings and loan shall deliver to  
7 the [Bank] Commissioner OF FINANCIAL REGULATION:

8 (1) A filing fee of \$1,000;

9 (2) An application for conversion;

10 (3) A certified copy of the resolution of the board of directors that  
11 authorizes the conversion;

12 (4) The proposed amended charter and bylaws amendments;

13 (5) The proposed notice of the meeting to consider conversion, and the time  
14 and manner in which notice will be given to stockholders;

15 (6) The proposed proxy statement;

16 (7) The proposed plan of conversion; and

17 (8) Any additional documents required by the [Bank] Commissioner.

18 9-633.

19 The [Bank] Commissioner:

20 (1) Shall review an application for conversion to a commercial bank;

21 (2) Shall determine:

22 (i) Whether the plan is fair to the stockholders of the converting  
23 association and the general public;

24 (ii) That insurance of the savings accounts will remain ineffect after  
25 the conversion;

26 (iii) That, after conversion, the commercial bank will be in sound  
27 financial condition and will be soundly managed;

28 (iv) That conversion will not impair the capital of the association nor  
29 adversely affect the association's operations; and

30 (v) That no person, member, employee, or otherwise will receive any  
31 inequitable gain or advantage by reason of the conversion;

32 (3) May require any changes that are necessary to ensure full disclosure of  
33 all material facts;

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1 (4) May not issue a certificate of authority to commence business to a  
2 commercial bank unless all the requirements of this article governing a commercial bank  
3 have been met;

4 (5) May modify the initial capitalization requirements of the commercial  
5 bank if the [Bank] Commissioner determines that a modification is:

6 (i) Reasonably required to protect the welfare of the commercial  
7 bank; and

8 (ii) Not detrimental to the public interest or to the commercial bank;  
9 and

10 (6) May adopt regulations to carry out the provisions of this part.

11 9-634.

12 Within 60 days of the filing of an application, if the [Bank] Commissioner finds  
13 that the stock association has met the requirements of § 9-633 of this subtitle, the  
14 [Bank] Commissioner shall issue to the converting association a letter of preliminary  
15 approval of the conversion.

16 9-635.

17 (a) On receipt of the [Bank] Commissioner's letter of preliminary approval, the  
18 board of directors of the converting association shall call a meeting of the members for  
19 the purpose of considering the plan of conversion to a commercial bank.

20 9-637.

21 (a) The board of directors of the converting association shall deliver to the  
22 [Bank] Commissioner:

23 (1) A certified copy of the minutes of the meeting at which the conversion  
24 was approved; and

25 (2) The executed charter amendments and a conformed copy.

26 (b) On receipt of the minutes and charter amendments under subsection (a) of  
27 this section, the [Bank] Commissioner shall:

28 (1) Endorse the executed copy of the charter amendments as approved; and

29 (2) Send to the converting association:

30 (i) The endorsed copy; and

31 (ii) A final order of approval of the conversion to a commercial bank.

32 9-638.

33 Any applicant aggrieved by the action or nonaction of the [Bank] Commissioner  
34 under this subtitle may appeal to the Circuit Court for Baltimore City.

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1 9-640.

2 (b) A commercial bank that results from a conversion of a capital stock savings  
3 and loan association may hold assets or conduct business activities, other than insurance  
4 assets and insurance activities, that result from the conversion and that do not conform  
5 with applicable law, unless a different period is authorized by federal regulatory agencies:

6 (1) For a period of 5 years after the conversion; and

7 (2) If the [Bank] Commissioner approves, for an additional period not  
8 exceeding 5 years.

9 9-1102.

10 A mutual association may convert to a credit union if:

11 (1) Its members approve; and

12 (2) Approval is granted by:

13 (i) The Division Director; and

14 (ii) The [Bank] Commissioner OF FINANCIAL REGULATION.

15 9-1105.

16 (a) To convert to a credit union, the mutual association shall deliver to the  
17 [Bank] Commissioner:

18 (1) A written application for conversion in the form that the Department of  
19 Labor, Licensing, and Regulation requires;

20 (2) Any additional exhibits the Department may require;

21 (3) Any filing fee set by the Department by regulation; and

22 (4) Its proposed amended articles and bylaws.

23 (b) Upon receipt of an application to convert, the [Bank] Commissioner shall  
24 examine the mutual association.

25 (c) The examination shall include, but not be limited to, the following:

26 (1) The financial history and condition of the mutual association including:

27 (i) The identification of overvalued assets, undisclosed nonperforming  
28 loans, and understated liabilities;

29 (ii) The identification of assets that may become nonperforming assets  
30 upon conversion;

31 (iii) The identification of loans in default and loans past due over 60  
32 days;

33 (iv) Review of material litigation affecting the mutual association, and  
34 the identification of significant judgments, orders or decrees affecting its financial status;  
35 and

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1 (v) Review of mortgage contracts, participating loans, and other  
2 commitments.

3 (2) The management of the association.

4 (d) As a condition of approval of an application of conversion, the [Bank]  
5 Commissioner may require a mutual association to have its books and records audited  
6 and certified under § 9-502 of this title.

7 9-1106.

8 (a) In reviewing an application for conversion, the [Bank] Commissioner shall  
9 determine:

10 (1) Whether, after conversion, the credit union will be in sound financial  
11 condition and will be soundly managed; and

12 (2) That no person will receive any inequitable gain or advantage by reason  
13 of the conversion.

14 9-1107.

15 (c) The credit union shall certify the acceptance of the application and endorsed  
16 amended articles and bylaws by the State Department of Assessments and Taxation  
17 within 10 days of receiving the acceptance to the [Bank] Commissioner.

18 9-1108.

19 (a) The [Bank] Commissioner may require any changes to the application or  
20 exhibits that the Department considers necessary.

21 (b) If the application for conversion is denied, the [Bank] Commissioner shall  
22 endorse and date a copy of the application "denied", return it to the mutual association,  
23 and certify this action to the State of Maryland Deposit Insurance Fund Corporation.

24 (c) If the application for conversion is approved, the [Bank] Commissioner shall:

25 (1) Sign, date, and endorse each copy of the application for conversion as  
26 "approved";

27 (2) Keep and record 1 copy of each endorsed application; and

28 (3) Certify these actions taken to the share insurer.

29 [Subtitle 1. Commissioner of Consumer Credit.]

30 [11-101.

31 In this subtitle, "Commissioner" means the Commissioner of Consumer Credit.]

32 [11-102.

33 There is a Commissioner of Consumer Credit in the Department of Labor,  
34 Licensing, and Regulation.]



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1 [11-103.

2 (a) The Commissioner is appointed by the Secretary of Labor, Licensing, and  
3 Regulation with the approval of the Governor.

4 (b) The Commissioner serves at the pleasure of the Secretary.

5 (c) (1) The Commissioner may not:

6 (i) Engage in the business of making loans; or

7 (ii) Be a stockholder, officer, director, or member of any corporation  
8 or partnership that is engaged in the business of making loans.

9 (2) The Commissioner shall devote full time to the duties of the office.

10 (d) The Commissioner is entitled to the salary provided in the State budget.]

11 [11-104.

12 (a) (1) The Commissioner may employ the staff, including investigative,  
13 secretarial, and clerical employees, that is necessary for the efficient administration of the  
14 office.

15 (2) The staff is entitled to the compensation provided in the State budget.

16 (b) Each employee of the Commissioner shall devote full time to that employee's  
17 duties.]

18 [11-105.

19 (a) The Commissioner exercises the powers and performs the duties of the office  
20 subject to the statutory authority of the Secretary.

21 (b) Directors and officers of institutions licensed under Titles 11 and 12 of this  
22 article shall develop and implement, by December 31, 1989, written:

23 (1) Real estate appraisal policies; and

24 (2) Procedures pertaining to the hiring and performance of real estate  
25 appraisers.

26 (c) The procedures required under subsection (b)(2) of this section shall set forth  
27 specific factors to be considered by the institution's directors and officers, including but  
28 not limited to:

29 (1) Whether the appraiser is licensed or certified under the Business  
30 Occupations and Professions Article; and

31 (2) The real estate appraiser's:

32 (i) Professional education; and

33 (ii) Experience in real estate appraising.

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1 (d) Real estate appraisal policies and procedures shall be submitted by  
2 institutions licensed under Titles 11 and 12 of this article to the Commissioner of  
3 Consumer Credit for review and approval.]

4 [11-106.

5 Subject to the evaluation and reestablishment provisions of the Program Evaluation  
6 Act, the provisions of this subtitle that create the Office of the Commissioner of  
7 Consumer Credit and relate to the duties and powers of the Commissioner are of no  
8 effect and may not be enforced after July 1, 2002.]

9 11-201.

10 (b) "Commissioner" means the Commissioner of [Consumer Credit]  
11 FINANCIAL REGULATION.

12 11-302.

13 (b) Unless the person is licensed by the Commissioner [of Consumer Credit], a  
14 person may not:

15 (1) Engage in the business of making installment loans;

16 (2) Make more than 5 installment loans a year; or

17 (3) Engage in the business of a credit services business as defined under  
18 Title 14, Subtitle 19 of the Commercial Law Article.

19 11-401.

20 (e) "Commissioner" means the Commissioner [of Consumer Credit] OF  
21 FINANCIAL REGULATION.

22 11-501.

23 (c) "Commissioner" means the Commissioner of [Consumer Credit]  
24 FINANCIAL REGULATION.

25 11-503.

26 The Commissioner [of Consumer Credit] may adopt rules and regulations to carry  
27 out the provisions of this subtitle.

28 12-207.

29 A foreign banking corporation may not have an office or an electronic terminal in  
30 this State for any purpose unless:

31 (1) The foreign banking corporation obtains from the [Bank]  
32 Commissioner OF FINANCIAL REGULATION a permit for the office or terminal; or

33 (2) The office or electronic terminal is authorized under:

34 (i) The Riegle-Neal Interstate Banking and Branching Efficiency Act  
35 of 1994 or other federal law; or

36 (ii) Title 5, Subtitle 9 or SUBTITLE 10 of this article.

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1 12-208.

2 (a) To apply for a permit for an office or electronic terminal, a foreign banking  
3 corporation shall:

4 (1) Submit to the [Bank] Commissioner an application on the form that the  
5 [Bank] Commissioner requires; and

6 (2) Pay to the [Bank] Commissioner the application fee set by the [Bank]  
7 Commissioner.

8 12-209.

9 On application for a permit, the [Bank] Commissioner, after receiving the advice  
10 of the Banking Board, shall issue the permit, if the [Bank] Commissioner determines  
11 that the establishment and operations of the proposed office or electronic terminal will  
12 not violate any law of this State that applies to banks and banking.

13 12-210.

14 (a) A permit expires on the second anniversary of its effective date, unless the  
15 permit is renewed for a 2-year term as provided in this section.

16 (b) Before its permit expires, the foreign banking corporation may renew the  
17 permit for additional 2-year terms if the foreign banking corporation:

18 (1) At least 30 days before its permit expires:

19 (i) Submits to the [Bank] Commissioner a renewal application on the  
20 form that the [Bank] Commissioner requires; and

21 (ii) Pays to the [Bank] Commissioner the renewal fee set by the  
22 [Bank] Commissioner; and

23 (2) Meets the requirements for issuance of a permit under § 12-209 of this  
24 subtitle.

25 (c) The [Bank] Commissioner shall renew the permit of each foreign banking  
26 corporation that meets the requirements of this section.

27 12-211.

28 The [Bank] Commissioner shall set the application and renewal fees in amounts  
29 that reasonably relate to the cost of processing the applications.

30 12-401.

31 (a) In this subtitle the following words have the meanings indicated.

32 (b) (1) "Agent" means a person who is authorized by a licensee to issue or sell  
33 payment instruments or traveler's checks under the name of the licensee at any location  
34 other than the place of business specified in the license.

35 (2) "Agent" does not include a branch office of a licensee.

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1 (C) "COMMISSIONER" MEANS THE COMMISSIONER OF FINANCIAL  
2 REGULATION.

3 [(c)] (D) "License" means a license issued by the [Bank] Commissioner under  
4 this subtitle to issue or sell payment instruments or traveler's checks.

5 [(d)] (E) "Outstanding" means sold in the United States and reported to the  
6 licensee.

7 [(e)] (F) (1) "Payment instrument" means an order for the payment or  
8 transmission of money.

9 (2) "Payment instrument" includes a check, draft, money order, or other  
10 instrument for the payment or transmission of money, whether or not the instrument is:

11 (i) Negotiable; or

12 (ii) Sold to one or more persons.

13 (3) "Payment instrument" does not include:

14 (i) A traveler's check;

15 (ii) An instrument that the issuer may redeem in merchandise or  
16 services;

17 (iii) A letter of credit; or

18 (iv) A permissible investment.

19 [(f)] (G) "Permissible investment" means:

20 (1) Cash;

21 (2) A certificate of deposit or other debt instrument of a banking institution,  
22 except a capital note;

23 (3) Unless found by the [Bank] Commissioner to be unacceptable:

24 (i) A [bankers'] BANKER'S acceptance if the draft is drawn on and  
25 accepted by a banking institution and is eligible for purchase by a member bank of the  
26 Federal Reserve System;

27 (ii) Obligations of or obligations guaranteed by the United States, any  
28 state, or any of their agencies or instrumentalities;

29 (iii) A bill, note, bond, debenture, or preferred stock that is traded on  
30 a national over-the-counter market or exchange;

31 (iv) Commercial paper of prime quality as defined by a nationally  
32 recognized organization that rates securities; and

33 (v) Any demand borrowing agreement or agreements in an amount or  
34 aggregate amount which does not exceed 10 percent of the net worth of the company  
35 liable for payment under the agreement thereof as shown on financial statements  
36 certified by a certified public accountant acceptable to the [Bank] Commissioner, which

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1 company is a corporation or a subsidiary of a corporation whose capitalstock is listed on  
2 a national exchange and is not a licensee or agent of a licensee under this subtitle. The  
3 borrowing agreements shall be filed with the [Bank] Commissioner in addition to  
4 quarterly financial statements and any other financial information as the [Bank]  
5 Commissioner may deem necessary; and

6 (4) Any other investment that the [Bank] Commissioner approves.

7 [(g)] (H) "Traveler's check" means an instrument for the payment of money that:

8 (1) Is a multiple of any denomination;

9 (2) Provides for a specimen signature of the buyer to be completed when the  
10 instrument is bought; and

11 (3) Provides for a countersignature of the buyer, to be completed when the  
12 instrument is negotiated.

13 12-403.

14 The [Bank] Commissioner may adopt rules and regulations to carry outthe  
15 provisions of this subtitle.

16 12-404.

17 A person may not engage in the business of issuing or selling payment instruments  
18 or traveler's checks unless the person:

19 (1) Is licensed by the [Bank] Commissioner;

20 (2) Is an agent of a licensee under whose name the payment instruments or  
21 traveler's checks are issued or sold; or

22 (3) Is a person exempted from licensing under this subtitle.

23 12-405.

24 [(a)] To qualify for a license, an applicant shall satisfy the [Bank] Commissioner  
25 that the applicant:

26 (1) Is trustworthy and reputable;

27 (2) Has a good business reputation;

28 (3) Has sufficient business experience;

29 (4) Will keep at all times the permissible investments requiredunder §  
30 12-414 of this subtitle; and

31 [(b)] (5) Has a net worth of at least \$100,000, computed according to generally  
32 accepted accounting principles.

33 12-406.

34 (a) (1) To apply for a license, an applicant shall sign and submit to the [Bank]  
35 Commissioner a verified application in the form that the [Bank] Commissioner requires.

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1 (2) The application shall include:

2 (i) The applicant's name, business address, and, if the applicant is an  
3 individual, residence address;

4 (ii) If the applicant is a corporation or association, the name and  
5 business address of each of its officers and directors;

6 (iii) If the applicant is an unincorporated entity with less than 100  
7 members or a partnership, the name and business address of each of its members;

8 (iv) The address at which the business is to be conducted; and

9 (v) The name, business address, and nature of business of each agent  
10 who is authorized to do business on behalf of the applicant.

11 (b) (1) With the application, the applicant shall submit the most recent  
12 unconsolidated financial statement of the applicant.

13 (2) The statement shall:

14 (i) Be prepared in accordance with generally accepted accounting  
15 principles applied on a consistent basis;

16 (ii) Be audited and certified by an independent certified public  
17 accountant; and

18 (iii) Include a schedule of all of the permissible investments of the  
19 applicant.

20 (c) With the application, the applicant shall pay to the [Bank] Commissioner:

21 (1) An investigation fee of \$500;

22 (2) The agent fee required by § 12-411 of this subtitle; and

23 (3) A license fee of either:

24 (i) \$200 if the applicant applies for the license on or after January 1  
25 and on or before June 30; or

26 (ii) \$100 if the applicant applies for the license on or after July 1 and  
27 on or before December 31.

28 (d) With the application, the applicant shall file a surety bond or deposit  
29 permissible investments with the [Bank] Commissioner as provided in § 12-410 of this  
30 subtitle.

31 (e) (1) For each license for which an applicant applies, the applicant shall:

32 (i) Submit a separate application;

33 (ii) Submit a separate financial statement;

34 (iii) Pay a separate license fee; and

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1 (iv) For each agent who is authorized to do business undereach  
2 license, pay the agent fee required by § 12-411 of this subtitle.

3 (2) If an applicant has or is applying for more than one license, the  
4 applicant may comply with subsection (d) of this section by filing only one bond or  
5 depositing only one set of permissible investments.

6 (3) If an applicant has or is applying for more than one license, the  
7 applicant is not required to file a separate investigation fee.

8 12-407.

9 (a) When an applicant for a license files the application and financial statement,  
10 files a bond or deposits permissible investments, and pays the fees required by § 12-406  
11 of this subtitle, the [Bank] Commissioner shall investigate to determine if the applicant  
12 meets the requirements of this subtitle for a license.

13 (b) The [Bank] Commissioner shall approve or deny each application for a  
14 license within 60 days after the date when the application and financial statement is filed,  
15 the bond is filed or permissible investments are deposited, and the fees are paid.

16 (c) The [Bank] Commissioner shall issue a license to any applicant who meets  
17 the requirements of this subtitle.

18 (d) (1) If an applicant does not meet the requirements of this subtitle, the  
19 [Bank] Commissioner shall:

20 (i) Notify the applicant immediately of this fact;

21 (ii) Subject to the hearing provisions of § 12-421 of this subtitle, deny  
22 the application;

23 (iii) Return the bond filed or permissible investments deposited under  
24 § 12-406 of this subtitle;

25 (iv) Refund the license and agent fees; and

26 (v) Keep the investigation fee.

27 (2) Within 30 days after the [Bank] Commissioner denies an application,  
28 the [Bank] Commissioner shall:

29 (i) File in the [Bank] Commissioner's office a written order of the  
30 denial;

31 (ii) Mail a copy of the order to the applicant at the address given on  
32 the application; and

33 (iii) Return the bond filed or permissible investments deposited under  
34 § 12-406 of this subtitle.

35 12-408.

36 (a) The [Bank] Commissioner shall include on each license:

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1 (1) The name of the licensee; and

2 (2) The address at which the business is to be conducted.

3 (b) (1) A license authorizes the licensee to do business under the license, at the  
4 licensed place of business.

5 (2) A license does not authorize the licensee to accept deposits or engage  
6 otherwise in a banking business except as authorized in this subtitle.

7 (3) Only one place of business may be maintained under any one license.

8 (c) The [Bank] Commissioner may issue more than one license to an applicant  
9 who:

10 (1) Complies with § 12-406 of this subtitle; and

11 (2) Otherwise meets the requirements of this subtitle.

12 12-409.

13 (a) A license expires on the December 31 after its effective date, unless it is  
14 renewed for a 1-year term as provided in this section.

15 (b) On or before December 10, a licensee may renew a license for an additional  
16 year, if the licensee:

17 (1) Otherwise is entitled to be licensed;

18 (2) Files any bond renewal certificate or new bond or deposits any new  
19 permissible investments required by § 12-410 of this subtitle;

20 (3) Pays to the [Bank] Commissioner a license fee of \$200;

21 (4) Submits the report and pays the agent fee required by § 12-411 of this  
22 subtitle; and

23 (5) Submits to the [Bank] Commissioner:

24 (i) A renewal application on the form that the [Bank] Commissioner  
25 requires; and

26 (ii) A financial statement that complies with the requirements of §  
27 12-406(b)(2) of this subtitle.

28 12-410.

29 (a) With the application for a new or renewal license, the applicant either shall  
30 file a surety bond or bond renewal certificate or shall deposit permissible investments  
31 with the [Bank] Commissioner as provided in this section.

32 (b) (1) A surety bond filed under this section shall run to this State for the  
33 benefit of any person who has a cause of action against the applicant for any liability  
34 incurred on a payment instrument or traveler's check issued or sold by the applicant or by  
35 any agent of the applicant.



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1 (2) The surety bond shall be:

2 (i) In the amount required by subsection (d) of this section; and

3 (ii) Issued by a bonding company or insurance company that is  
4 authorized to do business in this State.

5 (3) The surety bond shall provide that if a buyer or holder of a payment  
6 instrument or traveler's check obtains a judgment against the licensee and the judgment  
7 remains unsatisfied for more than 30 days after the licensee and surety are served with  
8 notice of the entry of judgment, an action may be brought against the surety for the  
9 amount of the judgment, but not exceeding the amount of the bond.

10 (4) The liability of a surety:

11 (i) Is not affected by the insolvency or bankruptcy of the licensee or  
12 by any misrepresentation, breach of warranty, failure to pay a premium, or other act or  
13 omission of the licensee; and

14 (ii) Continues, if the licensee dies, dissolves, or liquidates, as to all  
15 transactions of an agent, until the earlier of 60 days after the death, dissolution, or  
16 liquidation or 60 days after the termination of the bond.

17 (5) A licensee or surety may cancel a bond by giving the [Bank]  
18 Commissioner notice of the cancellation by certified mail, return receipt requested,  
19 bearing a postmark from the United States Postal Service. However, the cancellation is  
20 not effective until 30 days after the [Bank] Commissioner receives the notice.

21 (c) (1) Permissible investments deposited under this section shall:

22 (i) Have a market value equal to the amount required by subsection  
23 (d) of this section; and

24 (ii) Be held by the [Bank] Commissioner to secure the same  
25 obligations as are required to be secured by a bond under subsection (b) of this section.

26 (2) At any time, a licensee may exchange deposited permissible investments  
27 for other permissible investments that meet the requirements of this subsection.

28 (3) The [Bank] Commissioner may sell or transfer deposited permissible  
29 investments and dispose of their proceeds only on the order of a court of competent  
30 jurisdiction.

31 (4) As long as a licensee is solvent, the licensee is entitled to receive any  
32 interest or dividends earned by the deposited permissible investments.

33 (5) The [Bank] Commissioner may place the deposited permissible  
34 investments in the custody of any qualified trust company or national banking association  
35 in this State. The licensee shall pay the compensation of this custodian.

36 (d) (1) The amount of the bond to be filed with the [Bank] Commissioner or  
37 the fair market value of the permissible investments to be deposited with the [Bank]  
38 Commissioner shall be in an amount of not less than \$100,000 plus an additional amount  
39 of not less than \$10,000 for each agent of the licensee, but in no event shall the bond or

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1 fair market value of permissible investments exceed \$350,000, as set by the [Bank]  
2 Commissioner.

3 (2) In setting the amount of the bond, the [Bank] Commissioner shall  
4 consider:

5 (i) The financial condition of the applicant;

6 (ii) The number of places of business at which the applicant will be  
7 selling payment instruments or traveler's checks; and

8 (iii) The potential loss of buyers and holders of payment instruments or  
9 traveler's checks if the applicant becomes financially impaired.

10 (e) (1) If the principal amount of a bond is reduced by a payment of a claim or  
11 judgment, the licensee shall file with the [Bank] Commissioner any new or additional  
12 bond in the amount that the [Bank] Commissioner sets.

13 (2) If the [Bank] Commissioner at any time believes that the bond filed or  
14 permissible investments deposited under this section are insecure, exhausted, or  
15 otherwise unsatisfactory, the [Bank] Commissioner may require an additional bond to be  
16 filed or additional or substitute permissible investments to be deposited by the licensee.  
17 Within 30 days after the [Bank] Commissioner makes a written demand for the new  
18 bond or permissible investments, the licensee shall file the new bond or deposit the new  
19 permissible investments.

20 12-411.

21 (a) Each agent that a licensee names under a license is the designated agent of  
22 the licensee for all purposes in connection with the licensee's business under that license.

23 (b) Each licensee shall pay to the [Bank] Commissioner, as provided in this  
24 section, an annual agent fee of \$4 for each agent of the licensee who is not a person  
25 exempted from the licensing provisions of this subtitle by § 12-402 of this subtitle.

26 (c) With the application for a new license, the applicant shall pay for that license  
27 year the required agent fee for each agent who is named in the application and for whom  
28 a fee is required under subsection (b) of this section.

29 (d) (1) On or before July 10 of each year, each licensee shall file with the  
30 [Bank] Commissioner a report that:

31 (i) Is in the form that the [Bank] Commissioner requires; and

32 (ii) Is signed and verified by the licensee.

33 (2) This report shall include, as of July 1 of that year:

34 (i) The name, business address, nature of business, and date of  
35 appointment of each new agent appointed by the licensee since December 1 of the  
36 preceding year; and

37 (ii) The name of any agent whose agency has been canceled by the  
38 licensee since December 1 of the preceding year.

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1 (3) With this report, the licensee shall pay, for the current license year, the  
2 required agent fee for each new agent who is named in the report and for whom a fee is  
3 required under subsection (b) of this section and for whom a fee has not been paid  
4 already.

5 (e) (1) On or before December 10 of each year, each licensee shall file with the  
6 [Bank] Commissioner a report that:

7 (i) Is in the form that the [Bank] Commissioner requires; and

8 (ii) Is signed and verified by the licensee.

9 (2) This report shall include, as of December 1 of that year:

10 (i) An alphabetical listing of all of the agents of the licensee, including  
11 the name, business address, nature of business, and date of appointment of each agent;  
12 and

13 (ii) Any other information that the [Bank] Commissioner requires.

14 (3) With this report, the licensee shall pay, for the current license year, the  
15 required agent fee for each new agent who was appointed by the licensee since July 1 of  
16 that year for whom a fee is required under subsection (b) of this section and for whom a  
17 fee has not been paid already.

18 (4) With the application for a renewal license, the licensee shall pay, for the  
19 renewal license year, the required agent fee for each agent who is named in the report for  
20 whom a fee is required under subsection (b) of this section.

21 12-412.

22 (a) A licensee may not change the place of business for which a license is issued  
23 unless the licensee:

24 (1) Notifies the [Bank] Commissioner in writing of the proposed change;  
25 and

26 (2) Receives the written consent of the [Bank] Commissioner.

27 (b) If the [Bank] Commissioner consents to the proposed change of place of  
28 business, the licensee shall attach the written consent to the license.

29 12-413.

30 (a) At the end of each quarter for which the licensee does not file an audited  
31 financial statement, the licensee shall file a report that includes for that quarter:

32 (1) An unaudited, unconsolidated statement of income and a statement of  
33 the condition of the licensee;

34 (2) A schedule of the permissible investments that the licensee holds as  
35 required under § 12-414 of this subtitle; and

36 (3) A statement of outstanding payment instruments or outstanding  
37 traveler's checks.

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1 (b) On or before April 30 of each year, or on or before 120 days after the close of  
2 the fiscal year of the licensee, whichever is later, each licensee shall file with the [Bank]  
3 Commissioner an annual report that:

4 (1) Contains the information that the [Bank] Commissioner requires about  
5 the business of the licensee during the previous license year;

6 (2) Is on the form that the [Bank] Commissioner requires; and

7 (3) Is signed and verified by the licensee.

8 (c) (1) If a buyer or holder of a payment instrument or traveler's check brings  
9 an action against a licensee, the licensee shall:

10 (i) Notify the [Bank] Commissioner of the action by certified mail,  
11 return receipt requested, bearing a postmark from the United States Postal Service,  
12 within 10 days after the action is begun; and

13 (ii) Include in the notice details sufficient to identify the action.

14 (2) If judgment is entered against a licensee, the licensee shall:

15 (i) Notify the [Bank] Commissioner of the judgment by registered  
16 mail within 10 days after judgment is entered; and

17 (ii) Include in the notice details sufficient to identify the judgment.

18 (3) If a surety pays a claim or judgment against a licensee, the surety shall:

19 (i) Notify the [Bank] Commissioner of the payment by registered  
20 mail within 10 days after the payment is made; and

21 (ii) Include in the notice details sufficient to identify the buyer or  
22 holder of the payment instrument or traveler's check and the claim or judgment paid.

23 12-417.

24 (a) A determination as to the value of permissible investments of an applicant or  
25 licensee shall be computed in accordance with recognized accounting principles.

26 (b) If the [Bank] Commissioner finds that the books, records, and accounting  
27 procedures of a licensee are not adequate to enable the [Bank] Commissioner to  
28 determine whether the licensee is in compliance with this subtitle, the [Bank]  
29 Commissioner may require the licensee to adopt standard, recognized accounting and  
30 bookkeeping procedures and records for this purpose.

31 12-418.

32 (a) A licensee may surrender a license by sending to the [Bank] Commissioner a  
33 written statement that the license is surrendered.

34 12-419.

35 (a) To discover any violations of this subtitle or to obtain any information  
36 required by this subtitle, the [Bank] Commissioner at any time may investigate the  
37 business of:

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1 (1) Any licensee;

2 (2) Any person who is engaged or participating in the business of issuing or  
3 selling payment instruments or traveler's checks, whether as principal, agent, or  
4 otherwise; and

5 (3) Any other person who the [Bank] Commissioner has cause to believe is  
6 violating this subtitle, whether that person claims to be within or beyond the scope of this  
7 subtitle.

8 (b) For the purposes of this section, the [Bank] Commissioner:

9 (1) Shall be given access to the place of business, books, papers, records,  
10 safes, and vaults of the person under investigation; and

11 (2) May summon and examine under oath any person whose testimony the  
12 [Bank] Commissioner requires.

13 12-420.

14 (a) Subject to the hearing provisions of § 12-421 of this subtitle, the [Bank]  
15 Commissioner may suspend or revoke the license of any licensee who violates any  
16 provision of this subtitle.

17 (b) The [Bank] Commissioner shall begin proceedings to revoke the license of  
18 any licensee who the [Bank] Commissioner finds ceases to meet the requirements for  
19 licensure.

20 12-421.

21 (a) Before the [Bank] Commissioner denies an application for a license under §  
22 12-407 of this subtitle or takes any action under § 12-420 of this subtitle, the [Bank]  
23 Commissioner shall give the applicant or licensee an opportunity for a hearing.

24 12-422.

25 Any person who is aggrieved by any decision or finding of the [Bank]  
26 Commissioner under this subtitle may appeal to the circuit court for the county in which  
27 the aggrieved person resides or has a principal place of business.

28 12-701.

29 (a) A financial institution may apply to the [Bank] Commissioner OF  
30 FINANCIAL REGULATION to be supervised and examined by the [Bank]  
31 Commissioner to the same extent that a banking institution is supervised and examined  
32 under Title 5, Subtitle 2 of this article, other than § 5-203, if:

33 (1) The financial institution is a nonstock corporation under Title 5, Subtitle  
34 2 of the Corporations and Associations Article which is recognized by the Internal  
35 Revenue Service as exempt from tax under § 501(c)(3) of the Internal Revenue Code, as  
36 amended;

37 (2) A majority and all controlling members of the financial institution are  
38 persons designated and approved by any banking institutions or national banking  
39 associations; and

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1 (3) The financial institution is engaged solely in the extension of credit,  
2 making of loans and arranging of financing for socially or economically disadvantaged  
3 businesses for the purpose of:

4 (i) Encouraging and supporting the business and commercial  
5 development of such businesses; and

6 (ii) Participating in and supporting special State, federal, local or  
7 private industry programs intended to make available, offer, encourage, guarantee, or  
8 otherwise facilitate loan and other financing programs for socially or economically  
9 disadvantaged businesses.

10 (b) The [Bank] Commissioner shall supervise and examine a financial institution  
11 that has applied to the [Bank] Commissioner and has met the requirements set forth  
12 under paragraph (a) of this section.

13 12-702.

14 To qualify for supervision and examination, the applicant shall satisfy the [Bank]  
15 Commissioner that the applicant:

16 (1) Is trustworthy and reputable;

17 (2) Has a good business reputation; and

18 (3) Has sufficient business experience, moral character, financial  
19 responsibility, and genuine fitness to:

20 (i) Command the confidence of the public; and

21 (ii) Warrant the belief that the business will be operated lawfully,  
22 honestly, fairly and efficiently.

23 12-703.

24 (a) (1) To apply for supervision and examination under this subtitle, an  
25 applicant shall sign and submit to the [Bank] Commissioner a verified application on the  
26 form that the [Bank] Commissioner requires.

27 (2) The applicant shall comply with all conditions and provisions within the  
28 application.

29 (3) The applicant shall submit any other information that the [Bank]  
30 Commissioner may require.

31 (b) With the application, the applicant shall pay to the [Bank] Commissioner an  
32 investigation fee of \$100.00.

33 12-705.

34 (a) If the [Bank] Commissioner believes that a financial institution supervised  
35 and examined under this subtitle has engaged in an unsafe or unsound banking practice,  
36 or has failed to comply with the law, the [Bank] Commissioner shall send a warning to  
37 the financial institution.

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1 (b) If the [Bank] Commissioner finds that the financial institution has continued  
2 to engage in the unsafe or unsound practice, or that the failure to comply with the law has  
3 continued, subject to the hearing provisions of § 12-706 of this subtitle, the [Bank]  
4 Commissioner may suspend or terminate its supervision and examination of the financial  
5 institution.

6 12-706.

7 (a) If the [Bank] Commissioner takes any action under § 12-705(b) of this  
8 subtitle, the [Bank] Commissioner shall give the financial institution the opportunity for  
9 a hearing.

10 (b) Notice of the hearing shall be given and a hearing shall be held in accordance  
11 with the Administrative Procedure Act.

12 12-707.

13 Any person who is aggrieved by any decision or finding of the [Bank]  
14 Commissioner under this subtitle may appeal to the circuit court for the county in which  
15 the aggrieved person resides or has a principal place of business, or, if the aggrieved  
16 person resides or has a principal place of business in Baltimore City, to the Circuit Court  
17 for Baltimore City.

18 12-708.

19 (a) The [Bank] Commissioner, not more often than once per year, may impose  
20 annual assessments on each financial institution supervised and examined by the [Bank]  
21 Commissioner under this subtitle, to cover the expense of supervising and examining that  
22 financial institution.

23 (b) (1) The [Bank] Commissioner may assess each financial institution the sum  
24 of:

25 (i) \$1,000; plus

26 (ii) 8 cents for each \$1,000 of the assets of the financial institution over  
27 \$1,000,000.

28 (2) The assessments shall be based on assets stated in the financial  
29 institution's most recent financial report.

30 (c) The financial institution shall pay any assessment imposed under this section  
31 to the [Bank] Commissioner on or before the February 1 after it is imposed.

32 12-709.

33 The [Bank] Commissioner may adopt regulations to carry out the provisions of this  
34 subtitle.

35 12-802.

36 (a) In this subtitle the following words have the meanings indicated.

37 (b) "COMMISSIONER" MEANS COMMISSIONER OF FINANCIAL  
38 REGULATION.

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1 (C) "Currency" means currency and coin of the United States or any other  
2 country.

3 [(c)] (D) "Department" means the Department of Labor, Licensing, and  
4 Regulation.

5 [(d)] (E) "Financial institution" means:

6 (1) A national banking association;

7 (2) A State banking institution;

8 (3) A credit union that is organized under the laws of this State or of the  
9 United States;

10 (4) Any other organization that is organized under the banking laws of the  
11 State and subject to the supervision of the [Bank] Commissioner;

12 (5) A savings and loan association that is organized under the laws of the  
13 State or of the United States; or

14 (6) Persons engaged in the business of cashing checks for a feeless  
15 performed incidental to the sale of goods or services.

16 [(e)] (F) "Person" means an individual, partnership, firm, trust, estate,  
17 association, corporation, or other entity.

18 [(f)] (G) "Secretary" means the Secretary of Labor, Licensing, and Regulation.

19 [(g)] (H) "Transaction" includes the deposit, withdrawal, transfer, bailment, loan,  
20 pledge payment or exchange of currency by, through or to the financial institution.

21 **Article - State Finance and Procurement**

22 6-209.

23 (c) (1) A custodian shall hold the collateral under this section for the benefit of  
24 the State.

25 (2) A financial institution may use as a custodian:

26 (i) any banking institution that is approved by the [Bank]  
27 Commissioner OF FINANCIAL REGULATION to conduct commercial banking  
28 business in the State;

29 (ii) a federal reserve bank; or

30 (iii) any national banking association that is approved by the  
31 Comptroller of the Currency to conduct banking business in the State.

32 (3) A financial institution may not be approved as custodian for the  
33 collateral of a depository unless the assets of the financial institution equal or exceed  
34 200% of the value of the collateral to be held for the depository.



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1 6-210.

2 (a) (3) Each banking institution that is a depository for State money shall  
3 submit to the [Bank] Commissioner each report for which the Commissioner asks.

4 **Article - State Government**

5 8-403.

6 (b) Except as otherwise provided in subsection (e) of this section, on or before  
7 July 1, 1991, an evaluation shall be made of the following governmental activities or units  
8 and the statutes and regulations that relate to the governmental activities or units:

9 (1) [Office of the Bank Commissioner (§ 2-101 of the Financial Institutions  
10 Article)];

11 (2) ] Banking Board (§ 2-201 of the Financial Institutions Article);

12 [(3)] (2) State Board of Chiropractic Examiners (§ 3-201 of the Health  
13 Occupations Article);

14 [(4)] (3) State Collection Agency Licensing Board (§ 7-201 of the Business  
15 Regulation Article);

16 [(5)] (4) Office of the Commissioner of [Consumer Credit] FINANCIAL  
17 REGULATION (§ 11-102 of the Financial Institutions Article);

18 [(6)] (5) State Board of Morticians (§ 7-201 of the Health Occupations  
19 Article);

20 [(7)] (6) State Board of Physical Therapy Examiners (§ 13-201 of the  
21 Health Occupations Article);

22 [(8)] (7) State Board of Podiatric Medical Examiners (§ 16-201 of the  
23 Health Occupations Article);

24 [(9)] (8) State Real Estate Commission (§ 17-201 of the Business  
25 Occupations and Professions Article);

26 [(10)] (9) Real Estate Hearing Board (§ 17-325 of the Business Occupations  
27 and Professions Article);

28 [(11)] (10) Division of Savings and Loan Associations (§ 8-301 of the  
29 Financial Institutions Article); and

30 [(12)] (11) School Health Pilot Program (§ 7-413 of the Education Article).

31 **Article - Transportation**

32 13-623.

33 (a) In this section, "financial institution" means:

34 (1) Any bank that is authorized to do business in this State; and

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1 (2) Any other financial institution that is licensed to do business in this  
2 State by the [Bank] Commissioner OF FINANCIAL REGULATION [or the  
3 Commissioner of Consumer Credit].

4 **Article 88B - Department of State Police**

5 35.

6 The administration of the retirement and pension system, established by this  
7 subtitle, is hereby vested in the Secretary, who shall keep separate records and accounts  
8 and report his receipts and disbursements hereunder in the same manner as is provided in  
9 this article for other receipts and disbursements of his Department. The Secretary shall  
10 receive no additional compensation for these duties, but shall be reimbursed for all  
11 necessary expenses which he may sustain through his service in administering this subtitle;  
12 and all claims for reimbursement shall be subject to the approval of the Legislative  
13 Auditor. And there shall be no additional paid employees engaged for the administration  
14 of this subtitle. The Secretary shall have the power and authority to make all reasonable  
15 rules and regulations for the administration of the retirement and pension system; and  
16 shall have the power and authority to hold and invest all funds accruing to the pension  
17 fund for the benefit of the said fund; provided, however, that no investment or  
18 reinvestment of said fund shall be made without the advice and approval of a board  
19 consisting of the [State Bank Commissioner] COMMISSIONER OF FINANCIAL  
20 REGULATION and two persons to be appointed by the Secretary who shall be officers  
21 of a bank or trust company located and doing business in Maryland. The chief actuary of  
22 the State Insurance Commissioner's office shall be the technical adviser of the Secretary,  
23 in the administration of this fund, on all actuarial questions. The Secretary shall be  
24 authorized to set aside annually an amount sufficient to defray the annual cost of the  
25 pension together with at least \$1,000 toward the necessary reserve, plus interest at the  
26 rate of 4% per annum upon that portion of the pension fund reserve remaining unpaid.  
27 This reserve shall be that amount necessary to cover the accrued liability existing at the  
28 time of the establishment of the pension fund, by reason of the service rendered by the  
29 present members of the Department, prior to such date of establishment. This pension  
30 fund reserve shall be that amount shown to be necessary for the proper operation of the  
31 system, by accepted actuarial standards. The Secretary shall also retain biennially all  
32 unexpended funds in the budget item of the Department, designated therein  
33 compensation insurance and pension fund, for the purpose of establishing the above  
34 mentioned reserve, until such reserve is complete. Every person who knowingly and  
35 wilfully in anywise procures the making or presentation of any false or fraudulent affidavit  
36 or affirmation concerning any claim for a share of payment thereof shall in every case  
37 forfeit a sum not exceeding \$200 to be sued for and recovered by and in the name of the  
38 Secretary; and when recovered to be paid over to, and thereupon becoming a part of the  
39 fund here provided. Any person who shall wilfully swear falsely in any oath or affirmation  
40 in obtaining or procuring any share or payment thereof under the provisions of this  
41 subtitle shall be guilty of perjury.

42 SECTION 2. AND BE IT FURTHER ENACTED, That the Commissioner of  
43 Financial Regulation is the successor to the State Bank Commissioner and the  
44 Commissioner of Consumer Credit, as provided in this Act. In every law, executive order,  
45 rule, regulation, policy or document created by any official, employee or unit of this State,

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1 the names and titles of those officials means the name and title of the successor official,  
2 as provided in this Act.

3 SECTION 3. AND BE IT FURTHER ENACTED, That all employees of the  
4 offices of State Bank Commissioner and Commissioner of Consumer credit shall be  
5 transferred to the Office of Commissioner of Financial Regulation on the effective date  
6 of this Act without any diminution of their rights, benefits, or employment status,  
7 including, if any, merit system and retirement status.

8 SECTION 4. AND BE IT FURTHER ENACTED, That, except as otherwise  
9 expressly provided in this Act, nothing in this Act affects the term of office of an  
10 appointed member of any board or commission, and a person who is a member of such a  
11 unit on the effective date of this Act shall remain a member of that board or commission,  
12 as the case may be.

13 SECTION 5. AND BE IT FURTHER ENACTED, That, except as expressly  
14 provided to the contrary in this Act, any transaction affected by or flowing from any  
15 statute here amended, repealed, or transferred and validly entered into before the  
16 effective date of this Act, and every right, duty or interest flowing from it remains valid  
17 after the effective date of this Act and may be terminated, completed, consummated, or  
18 enforced pursuant to law.

19 SECTION 6. AND BE IT FURTHER ENACTED, That, except as otherwise  
20 provided in this Act, all charters, permits, and licenses, applications for charters, permits,  
21 and licenses, rules and regulations, proposed rules and regulations, standards and  
22 guidelines, orders and other directives, forms, plans, memberships, special funds,  
23 appropriations, grants, applications for grants, contracts, property, investigations,  
24 administrative and judicial proceedings, rights to sue and be sued, and all other duties  
25 and responsibilities associated with the functions transferred by this Act shall continue in  
26 effect under the Commissioner of Financial Regulation, until completed, withdrawn,  
27 canceled, modified, or otherwise changed pursuant to law.

28 SECTION 7. AND BE IT FURTHER ENACTED, That if any provision of this Act  
29 or the application thereof to any person or circumstance is held invalid for any reason in  
30 a court of competent jurisdiction, the invalidity does not affect other provisions or any  
31 other application of this Act which can be given effect without the invalid provision or  
32 application, and for this purpose the provisions of this Act are declared severable.

33 SECTION 8. AND BE IT FURTHER ENACTED, That:

34 (a) The publishers of the Annotated Code of Maryland, subject to the approval of  
35 the Department of Legislative Reference, shall propose the correction of any agency  
36 names and titles throughout the Code that are rendered incorrect by this Act.

37 (b) The Department of Legislative Reference, in conjunction with the publishers  
38 of the Annotated Code of Maryland, shall revise the Code, if necessary, to conform it to  
39 the transfer of the offices of State Bank Commissioner and Commissioner of Consumer  
40 Credit to the office of Commissioner of Financial Regulation, and this statutory revision  
41 shall be ratified by passage of the Annual Corrective Bill of 1997.

42 SECTION 9. AND BE IT FURTHER ENACTED, That this Act shall take effect  
43 July 1, 1996.

