
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

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 12, 1996

CHAPTER ____

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 banking
11 institutions and credit unions are examined; defining a certain term; altering certain
12 definitions; and generally relating to the office of Commissioner of Financial
13 Regulation.

14 BY renumbering

15 Article - Financial Institutions

16 Section 1-101(g) through (r), respectively

17 to be Section 1-101(h) through (s), respectively

18 Annotated Code of Maryland

19 (1992 Replacement Volume and 1995 Supplement)

20 BY repealing and reenacting, with amendments,

21 Article - Business Regulation

22 Section 2-108(a), 5-407(g), 7-101(d), and 7-201

23 Annotated Code of Maryland

24 (1992 Replacement Volume and 1995 Supplement)

1 BY repealing and reenacting, with amendments,
 2 Article - Commercial Law
 3 Section 12-115(j), 12-301(b), 12-514(a), 12-631(a), 12-701(c), 12-706, 12-915(c),
 4 ~~12-916(a)~~ 12-916(a) and (e), 12-918(a)(1), 12-921(j)(3), 12-1015(c),
 5 ~~12-1016(a)~~ 12-1016(a) and (e), 12-1018(a)(1), 12-1021(j), 14-1201(j),
 6 14-1206(a), 14-1217, 14-1706(a), 14-1901(g), ~~14-2007(e)(1)~~ 14-2007(e)(1)
 7 and (f)(1), and 14-2009(d)
 8 Annotated Code of Maryland
 9 (1990 Replacement Volume and 1995 Supplement)

10 ~~BY repealing~~
 11 ~~Article - Commercial Law~~
 12 ~~Section 12-514(e), 12-631(e), 12-916(e), and 12-1016(e)~~
 13 ~~Annotated Code of Maryland~~
 14 ~~(1990 Replacement Volume and 1995 Supplement)~~

15 BY repealing and reenacting, with amendments,
 16 Article - Education
 17 Section 18-1013
 18 Annotated Code of Maryland
 19 (1992 Replacement Volume and 1995 Supplement)

20 BY repealing and reenacting, with amendments,
 21 Article - Estates and Trusts
 22 Section 14-103(g)(2), 14-110(b), 15-104(b), and 15-114(g)
 23 Annotated Code of Maryland
 24 (1991 Replacement Volume and 1995 Supplement)

25 BY adding to
 26 Article - Financial Institutions
 27 Section 1-101(g) and 2-105.1
 28 Annotated Code of Maryland
 29 (1992 Replacement Volume and 1995 Supplement)

30 BY repealing and reenacting, with amendments,
 31 Article - Financial Institutions
 32 Section ~~1-301(b)(5)~~ 1-301(b) and (d); 2-101, 2-102, 2-103, 2-104, 2-105, 2-106,
 33 2-107, 2-108, 2-109, 2-110, 2-111, 2-112 to be under the amended subtitle
 34 "Subtitle 1. Commissioner of Financial Regulation" and the amended title
 35 "Title 2. Commissioner and Boards", 2-203, 2-204, 2-401, 3-203, 3-204,
 36 3-208, 3-209(a), 3-212, 3-213(d) and (e), 3-302, 3-304(b), 3-305, 3-307(a),
 37 3-309(b), 3-312, 3-313(a), 3-314(c) and (d), 3-315(a) and (c), 3-408, 3-508,
 38 3-603, 3-605, 3-607(c) and (e), 3-703, 3-704, 3-705, 3-706, 3-707, 3-709,
 39 3-710, 3-712, 3-720(c) and (d), 3-801(g), 3-802, 3-803, 4-203, 4-204,
 40 4-206(b)(8), 4-207, 4-208(a), 4-209(b), 4-210(c) and (d), 4-301(a), 4-302,

3

1 4-507, 4-603, 4-701, 4-702(c) and (d), 4-802(a), (e), and (f), 4-803, 4-804(a)
 2 and (d), 4-806, 4-903, 4-906, 4-907, 4-908, 4-909, 5-101(c), 5-201(a), 5-202,
 3 5-203, 5-204, 5-206, 5-206.1, 5-207, 5-208, 5-209, 5-308, 5-403, 5-404, 5-405,
 4 5-406, 5-407, 5-502, 5-503, 5-504, 5-511, 5-601, 5-602, 5-603, 5-604, 5-605,
 5 5-607(b), 5-609, 5-610, 5-612, 5-703(b), 5-801, 5-802, 5-807(b), 5-808,
 6 5-809, ~~5-901(h)~~, 5-1008(a), 5-1009, 5-1010, 5-1011, 5-1012, 5-1014(a),
 7 ~~5-1101(d)~~, 5-1103(c) and (e)(2), 6-102, 6-204, 6-205, 6-207(4), 6-208, 6-210,
 8 6-211.1(a), 6-219(b), 6-220(a), 6-222(b), 6-302(e), 6-303, 6-304, 6-305,
 9 6-306, 6-307, 6-307.1, 6-307.2, 6-307.3, 6-308, 6-505, 6-506(a), 6-601(b),
 10 6-602(a)(6) and (b), 6-603(a), 6-604, 6-605, 6-607, 6-701, 6-701.1, 6-702,
 11 6-703, 6-704, 7-103(10), 7-104, 7-106, 7-107(a) and (c), 7-109(f), 7-111,
 12 7-113, 9-101(e) and (f), 9-208.1(b)(3), 9-216(g), 9-631(3), 9-632, 9-633,
 13 9-634, 9-635(a), 9-637, 9-638, 9-640(b), 9-1102, 9-1105, 9-1106(a),
 14 9-1107(c), 9-1108, ~~11-201(b)~~, 11-302(b), ~~11-401(e)~~, ~~11-501(e)~~, 11-503,
 15 12-207, 12-208(a), 12-209, 12-210, 12-211, 12-401, 12-403, 12-404, 12-405,
 16 12-406, 12-407, 12-408, 12-409, 12-410, 12-411, 12-412, 12-413, 12-417,
 17 12-418(a), 12-419, 12-420, 12-421(a), 12-422, 12-701, 12-702, 12-703,
 18 12-705, 12-706, 12-707, 12-708, 12-709, and 12-802
 19 Annotated Code of Maryland
 20 (1992 Replacement Volume and 1995 Supplement)

21 ~~BY adding to~~
 22 ~~Article - Financial Institutions~~
 23 ~~Section 2-105.1~~
 24 ~~Annotated Code of Maryland~~
 25 ~~(1992 Replacement Volume and 1995 Supplement)~~

26 BY repealing
 27 Article - Financial Institutions
 28 Section ~~5-901(h)~~; ~~5-1101(d)~~; 11-101 through 11-106 and the subtitle "Subtitle 1.
 29 Commissioner of Consumer Credit"; ~~11-201(b)~~; ~~11-401(e)~~; and ~~11-501(c)~~
 30 Annotated Code of Maryland
 31 (1992 Replacement Volume and 1995 Supplement)

32 BY repealing and reenacting, with amendments,
 33 Article - State Finance and Procurement
 34 Section 6-209(c) and 6-210(a)(3)
 35 Annotated Code of Maryland
 36 (1995 Replacement Volume and 1995 Supplement)

37 BY repealing and reenacting, with amendments,
 38 Article - State Government
 39 Section 8-403(b)
 40 Annotated Code of Maryland
 41 (1995 Replacement Volume and 1995 Supplement)

4

1 BY repealing and reenacting, with amendments,
2 Article - Transportation
3 Section 13-623(a)
4 Annotated Code of Maryland
5 (1992 Replacement Volume and 1995 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article 88B - Department of State Police
8 Section 35
9 Annotated Code of Maryland
10 (1995 Replacement Volume)

11 BY renumbering
12 Article - Financial Institutions
13 Section 5-901(i) through (r); 5-1101(e) through (h); 11-201(c) through (f);
14 11-401(f) through (n); and 11-501(d) through (n), respectively
15 to be Section 5-901(h) through (q); 5-1101(d) through (g); 11-201(b) through (e);
16 11-401(e) through (m); and 11-501(c) through (m), respectively
17 Annotated Code of Maryland
18 (1992 Replacement Volume and 1995 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That Section(s) 1-101(g) through (r), respectively, of Article - Financial
21 Institutions of the Annotated Code of Maryland be renumbered to be Section(s) 1-101(h)
22 through (s), respectively.

23 SECTION 4. 2. AND BE IT FURTHER ENACTED BY THE GENERAL
24 ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

25 **Article - Business Regulation**

26 2-108.

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

- 28 (1) the Division of Labor and Industry.
- 29 (2) the Division of Employment and Training.
- 30 (3) [the State Bank Commissioner.
- 31 (4) the Commissioner of [Consumer Credit] FINANCIAL REGULATION.
- 32 [(5)] (4) the Banking Board.
- 33 [(6)] (5) the State Board of Architects.
- 34 [(7)] (6) the State Athletic Commission.
- 35 [(8)] (7) the State Board of Barbers.

5

- 1 [(9)] (8) the Board of Boiler Rules.
- 2 [(10)] (9) the State Collection Agency Licensing Board.
- 3 [(11)] (10) the State Board of Cosmetologists.
- 4 [(12)] (11) the State Board of Master Electricians.
- 5 [(13)] (12) the Board of Examining Engineers.
- 6 [(14)] (13) the State Board for Professional Engineers.
- 7 [(15)] (14) the State Board of Foresters.
- 8 [(16)] (15) the State Board of Heating, Ventilation, Air Conditioning and
9 Refrigeration Contractors.
- 10 [(17)] (16) the Maryland Home Improvement Commission.
- 11 [(18)] (17) the State Board of Certified Interior Designers.
- 12 [(19)] (18) the State Board of Examiners of Landscape Architects.
- 13 [(20)] (19) the State Board for Professional Land Surveyors.
- 14 [(21)] (20) the State Board of Pilots.
- 15 [(22)] (21) the State Board of Plumbing.
- 16 [(23)] (22) the State Board of Public Accountancy.
- 17 [(24)] (23) the State Racing Commission.
- 18 [(25)] (24) the State Real Estate Commission.
- 19 [(26)] (25) the State Commission of Real Estate Appraisers.
- 20 [(27)] (26) the Real Estate Hearing Board.
- 21 [(28)] (27) the State of Maryland Deposit Insurance Fund Corporation.
- 22 [(29)] (28) the Maryland Jockey Injury Compensation Fund, Inc.
- 23 [(30)] (29) the State Amusement Ride Safety Advisory Board.
- 24 [(31)] (30) the Occupational Safety and Health Advisory Board.
- 25 [(32)] (31) the Maryland-Bred Race Fund Advisory Committee.
- 26 [(33)] (32) the Maryland Standardbred Race Fund Advisory Committee.
- 27 [(34)] (33) the Advisory Council on Prevailing Wage Rates.
- 28 [(35)] (34) the Advisory Committee on the Wage and Hour Law.

6

1 5-407.

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

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

7 7-101.

8 (d) "Commissioner" means the Commissioner of [Consumer Credit] FINANCIAL
9 REGULATION.

10 7-201.

11 There is a State Collection Agency Licensing Board in the Office of the
12 Commissioner [of Consumer Credit] OF FINANCIAL REGULATION in the Department.

13 **Article - Commercial Law**

14 12-115.

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

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

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

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

28 (iii) The remaining net balance;

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

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

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

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

7

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] OF
10 FINANCIAL REGULATION the purchaser's name, address, and business address. The
11 Commissioner may provide to the borrower the purchaser's name, address, and business
12 address if the Commissioner determines that the borrower must have the information in
13 order to ascertain that:

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

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

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

21 12-301.

22 (b) "Commissioner" means the Commissioner [of Consumer Credit] OF
23 FINANCIAL REGULATION.

24 12-514.

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

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

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

31 ~~(2) A savings and loan association.]~~

32 12-631.

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

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

8

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

2 ~~(2) A savings and loan association; or~~

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

4 12-701.

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

9 12-706.

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

14 12-915.

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

17 12-916.

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

24 ~~(e)~~ For purposes of this section:

25 ~~(1) "Complaining, "complaining party"~~ means an individual who files a
26 written complaint with the Commissioner OF FINANCIAL REGULATION pursuant to this
27 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 12-918.

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] OF FINANCIAL REGULATION or the appropriate
7 regulatory authority notifying 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] OF FINANCIAL
12 REGULATION may make a determination concerning any private sale that the sale was
13 not accomplished in a commercially reasonable manner. Upon that determination, the
14 Commissioner may enter an order 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] OF FINANCIAL REGULATION.

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,"~~ "complaining party" means an individual who files a
27 written complaint with the Commissioner OF FINANCIAL REGULATION pursuant to this
28 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

10

1 (iii) Federal or State credit union.]

2 12-1018.

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

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

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

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

11 12-1021.

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

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

15 2. A public auction.

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

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

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

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

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

28 (iii) The remaining net balance;

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

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

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

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

11

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] OF
10 FINANCIAL REGULATION the purchaser's name, address, and business address. The
11 Commissioner may provide to the borrower the purchaser's name, address, and business
12 address if the Commissioner determines that the borrower must have the information in
13 order to ascertain that:

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

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

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

21 14-1201.

22 (j) "Commissioner" means the Commissioner of ~~Consumer Credit~~ FINANCIAL
23 REGULATION of the Department of Labor, Licensing, and Regulation.

24 14-1206.

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

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

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

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

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

33 14-1217.

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

12

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

21 (i) When the lessor receives a written notice from the lessee notifying
22 the lessor of an error or violation;

23 (ii) When the lessor receives a written notice from the Commissioner
24 of [Consumer Credit] FINANCIAL REGULATION or the appropriate regulatory authority
25 notifying the lessor of an error or violation; or

26 (iii) When the lessor receives service of process in a civil action for an
27 error or violation instituted by a lessee in a court of competent jurisdiction.

28 14-2009.

29 (d) The Commissioner [of Consumer Credit] OF FINANCIAL REGULATION may
30 make a determination concerning any private sale that the sale was not accomplished in
31 a commercially reasonable manner. Upon that determination, the Commissioner may
32 enter an order disallowing any claim for a deficiency balance.

33 **Article - Education**

34 18-1013.

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

37 (1) A banking organization; or

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

13

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

5 **Article - Estates and Trusts**

6 14-103.

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

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

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

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

15 14-110.

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

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

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

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

28 (iii) A resident agent; and

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

31 15-104.

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

14

1 15-114.

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

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

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

9 **Article - Financial Institutions**

10 1-101.

11 (G) "COMMISSIONER" MEANS THE COMMISSIONER OF FINANCIAL
12 REGULATION IN THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION.

13 1-301.

14 (b) (1) "Fiduciary institution" means:

15 [(1)] (I) A national banking association;

16 [(2)] (II) A State banking institution;

17 [(3)] (III) An other-state bank that maintains a branch in thisState;

18 [(4)] (IV) A credit union that is organized under the laws of this State or of
19 the United States;

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

23 [(6)] (VI) A savings and loan association that is organized under the laws of
24 this State or of the United States.

25 (2) "FIDUCIARY INSTITUTION" DOES NOT INCLUDE ANY PERSON
26 LICENSED BY THE COMMISSIONER UNDER TITLE 11 OF THIS ARTICLE.

27 (d) "Supervisory agency" means:

28 (1) The Federal Deposit Insurance Corporation;

29 (2) The Federal Savings and Loan Insurance Corporation;

30 (3) The Federal Home Loan Bank Board;

31 (4) The National Credit Union Administration;

15

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

10 Title 2. [Bank] Commissioner and Boards.

11 Subtitle 1. [Bank] Commissioner ~~OF FINANCIAL REGULATION~~.

12 2-101.

13 There is a [State Bank] Commissioner ~~OF FINANCIAL REGULATION~~ in the

14 Department of Labor, Licensing, and Regulation.

15 2-102.

16 (a) The [Bank] Commissioner ~~OF FINANCIAL REGULATION~~ is appointed by

17 the Secretary of Labor, Licensing, and Regulation with the approval of the Governor and

18 the advice and consent of the Senate.

19 (b) The [Bank] Commissioner ~~OF FINANCIAL REGULATION~~ serves at the

20 pleasure of the Secretary of Labor, Licensing, and Regulation.

21 (c) The [Bank] Commissioner shall have at least 5 years of experience in state or

22 national banking regulation or management, ~~OR IN THE REGULATION OR~~

23 ~~MANAGEMENT OF THE BUSINESS OF MAKING LOANS~~, which may include

24 service as a bank director.

25 (d) The [Bank] Commissioner is entitled to the salary provided in the State

26 budget.

27 2-103.

28 (a) With the approval of the Secretary of Labor, Licensing, and Regulation, the

29 [Bank] Commissioner shall appoint a [deputy bank] DEPUTY Commissioner.

30 (b) The [deputy bank] DEPUTY Commissioner serves at the pleasure of the

31 [Bank] Commissioner and is an employee of the [Bank] Commissioner's office.

32 (c) The [deputy bank] DEPUTY Commissioner shall have at least 5 years of

33 experience in state or national banking regulation or management, ~~OR IN THE~~

34 ~~REGULATION OR MANAGEMENT OF THE BUSINESS OF MAKING LOANS~~,

35 which may include service as a bank director.

16

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

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

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

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

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

9 2-104.

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

11 2-105.

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

14 2-105.1.

15 THE COMMISSIONER MAY ADOPT AND ENFORCE REGULATIONS REASONABLY
16 NECESSARY TO CARRY OUT THE AUTHORITY AND RESPONSIBILITY OF THE OFFICE
17 OF COMMISSIONER.

18 2-106.

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

21 2-107.

22 On June 30 of each year, the [Bank] Commissioner shall report to the Governor on
23 the operations of the [Bank] Commissioner's office and, as to the laws that the [Bank]
24 Commissioner administers, on amendments that the [Bank] Commissioner considers
25 desirable.

26 2-108.

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

29 2-109.

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

33 2-110.

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

17

1 (b) The [Bank] Commissioner and [deputy bank] DEPUTY Commissioner may
2 not:

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

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

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

10 (1) Real estate appraisal policies; and

11 (2) Procedures pertaining to the hiring and performance of real estate
12 appraisers.

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

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

18 (2) The real estate appraiser's:

19 (i) Professional education; and

20 (ii) Experience in real estate appraising.

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

23 2-111.

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

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

32 2-112.

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

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

18

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

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

4 (1) Made to a member of a credit union that has a membership of over
5 60,000 State employees; and

6 (2) Approved by:

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

9 (ii) The Board of Directors.

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

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

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

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

17 2-203.

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

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

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

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

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

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

30 2-204.

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

32 2-401.

33 Subject to the evaluation and reestablishment provisions of the Program Evaluation
34 Act, the provisions of this article that create the office of the [Bank] Commissioner OF
35 FINANCIAL REGULATION or relate to the powers and duties of the [Bank]

19

1 Commissioner and any regulations adopted under these provisions shall terminate and be
2 of no effect after July 1, 2002.

3 3-203.

4 (a) The incorporators shall:

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

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

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

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

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

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

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

16 (ii) Is expedient and desirable.

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

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

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

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

26 (i) Return one of the endorsed copies of the articles to the
27 incorporators; and

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

29 3-204.

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

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

20

1 3-208.

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

4 3-209.

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

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

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

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

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

16 (3) A commercial bank shall have a surplus in an amount that equals at least
17 20 percent of its required capital stock.

18 3-212.

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

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

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

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

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

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

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

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

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

21

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

5 3-213.

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

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

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

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

14 3-302.

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

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

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

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

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

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

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

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

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

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

22

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

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

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

8 (2) All accumulated and unpaid dividends.

9 3-304.

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

12 (1) 1 year after the date of acquisition; or

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

14 3-305.

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

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

17 (2) May not be made to an amount that is less than that required in §
18 3-209(b) of this title.

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

22 3-307.

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

26 (1) Its undivided profits; or

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

29 3-309.

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

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

23

1 3-312.

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

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

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

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

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

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

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

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

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

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

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

23 3-313.

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

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

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

29 3-314.

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

33 (2) The application shall include:

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

24

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

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

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

11 3-315.

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

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

21 3-408.

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

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

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

30 3-508.

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

32 (1) With the [Bank] Commissioner ~~OF FINANCIAL REGULATION~~, as a
33 public record; and

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

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

25

1 3-603.

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

5 3-605.

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

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

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

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

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

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

17 3-607.

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

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

22 (i) Cash on hand;

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

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

26 1. Registered or coupon bonds; or

27 2. General obligations of or obligations guaranteed by the
28 United States government, an agency of the United States government, this State, or any
29 political subdivision.

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

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

26

1 (3) The rules and regulations may:

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

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

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

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

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

13 3-703.

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

17 (b) The agreement shall include:

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

20 (2) The terms of the proposed transaction;

21 (3) A statement that the agreement is subject to approval by the [Bank]
22 Commissioner ~~OF FINANCIAL REGULATION~~ and by the stockholders of each
23 constituent bank;

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

26 (5) As to the successor:

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

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

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

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

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

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

27

- 1 (1) The agreement;
- 2 (2) The name and address of each office of the constituent banks and of the
3 successor;
- 4 (3) The name and residence address of each individual who will be a
5 director when the proposed transaction becomes effective;
- 6 (4) The name and residence address of each individual who will be an
7 officer when the proposed transaction becomes effective;
- 8 (5) A certified copy of the approving resolution of each board of directors,
9 showing the required approval by the board; and
- 10 (6) Evidence of proper action by the board of directors of any constituent
11 national banking association.

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

15 (2) A person who violates this section is subject to a fine of not more than
16 \$1,000, or imprisonment for not more than 5 years, or both.

17 3-704.

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

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

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

25 (1) The agreement and proposed transaction meet the requirements of §
26 3-706 of this subtitle;

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

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

30 3-705.

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

34 3-706.

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

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

28

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

3 (3) The agreement is fair; and

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

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

9 3-707.

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

13 3-709.

14 (a) When the executed agreement and a copy of the resolution of the stockholders
15 of each constituent bank, certified by its secretary or cashier, have been filed with the
16 [Bank] Commissioner and the [Bank] Commissioner has approved the transaction, the
17 [Bank] Commissioner shall issue to the successor a certificate of consolidation, merger,
18 or transfer of assets that sets forth the name of each constituent bank and the name of the
19 successor.

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

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

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

28 3-710.

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

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

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

36 (2) A certificate that the Comptroller of the Currency of the United States
37 or the Director of the Office of Thrift Supervision issues to effect a merger or
38 consolidation in which a national banking association or a [federally-chartered]

29

1 FEDERALLY CHARTERED savings bank or savings and loan association is the successor;
2 or

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

5 3-712.

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

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

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

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

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

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

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

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

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

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

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

35 3-720.

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

30

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

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

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

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

9 3-801.

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

14 3-802.

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

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

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

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

25 (2) Notify the [Bank] Commissioner of the conversion and the taking of
26 property; and

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

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

31 3-803.

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

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

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

31

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

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

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

10 4-203.

11 (a) The incorporators shall:

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

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

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

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

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

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

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

23 (ii) Is expedient and desirable.

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

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

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

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

33 (i) Return one of the endorsed copies of the articles to the
34 incorporators; and

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

32

1 4-204.

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

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

7 4-206.

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

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

12 4-207.

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

15 4-208.

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

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

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

22 4-209.

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

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

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

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

29 4-210.

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

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

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

33

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

3 4-301.

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

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

8 (2) May not pay interest on the certificates unless the [Bank]
9 Commissioner ~~OF FINANCIAL REGULATION~~ approves the payment and the rate of
10 interest.

11 4-302.

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

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

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

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

21 (i) Has reached 5 percent of the total deposits of the savings bank;
22 and

23 (ii) Later falls below that amount.

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

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

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

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

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

34

1 4-507.

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

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

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

10 4-603.

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

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

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

19 (1) 1 year; and

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

22 4-701.

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

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

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

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

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

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

35

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

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

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

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

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

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

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

15 4-702.

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

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

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

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

28 4-802.

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

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

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

36

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

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

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

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

10 4-803.

11 (a) The savings bank shall:

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

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

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

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

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

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

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

25 (ii) Is expedient and desirable.

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

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

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

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

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

37

1 (i) Return one of the endorsed copies of the articles of incorporation
2 to the incorporators; and

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

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

8 (1) That the plan of reorganization is:

9 (i) Reasonably required to protect the welfare of the general economy
10 of this State;

11 (ii) Not detrimental to the public interest or the savingsbank; and

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

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

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

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

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

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

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

29 4-804.

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

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

38

1 4-806.

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

4 4-903.

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

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

11 4-906.

12 A subsidiary savings bank may not do business until:

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

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

16 4-907.

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

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

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

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

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

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

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

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

39

1 4-908.

2 After providing for due or accrued expenses, losses, interest, and taxes, the board of
3 directors of a subsidiary savings bank may declare a cash dividend only from the
4 following:

5 (1) Its undivided profits; or

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

8 4-909.

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

12 5-101.

13 (c) "Examiner" means:

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

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

16 5-201.

17 (a) An examiner shall visit each banking institution and examine its business:

18 (1) At least once during each calendar year, UNLESS THE COMMISSIONER
19 DETERMINES THAT, DURING A CALENDAR YEAR, AN EXAMINATION IS
20 UNNECESSARY, IN WHICH EVENT AN EXAMINATION SHALL OCCUR NO LESS
21 FREQUENTLY THAN ONCE EVERY 18 MONTHS;

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

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

24 5-202.

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

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

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

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

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

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

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

40

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

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

6 5-203.

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

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

12 (i) \$1,000; plus

13 (ii) 8 cents for each \$1,000 of the assets of the institution over
14 \$1,000,000.

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

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

19 5-204.

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

23 5-206.

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

27 (b) The [Bank] Commissioner shall:

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

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

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

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

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

41

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

3 (ii) Submit proof of publication of the summary to the [Bank]
4 Commissioner.

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

7 5-206.1.

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

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

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

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

23 5-207.

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

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

29 5-208.

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

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

35 5-209.

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

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

42

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

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

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

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

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

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

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

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

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

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

19 (ii) The institution:

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

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

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

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

25 (ii) The institution:

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

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

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

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

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

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

43

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

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

4 5-308.

5 A banking institution may not impose a service charge on any deposit if withdrawals
6 are restricted by law or by any rule or regulation of the [Bank] Commissioner.

7 5-403.

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

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

13 (c) On application of the banking institution, an affiliate shall be approved if:

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

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

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

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

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

22 5-404.

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

25 5-405.

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

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

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

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

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

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

44

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

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

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

8 5-406.

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

11 5-407.

12 A banking institution may not permit any bank services to be performed for it,
13 whether by contract or otherwise, unless the banking institution and the person
14 performing the bank services give the [Bank] Commissioner satisfactory assurances that
15 the performance of the bank services will be subject to regulation and examination by the
16 [Bank] Commissioner to the same extent as if the banking institution itself were
17 performing the bank services.

18 5-502.

19 (a) In this section:

20 (1) "Electronic terminal" means any manned or unmanned electronic
21 machine that:

22 (i) Enables a customer of a banking institution to:

23 1. Withdraw money from an account or under an authorized
24 line of credit of the customer with the banking institution;

25 2. Transfer money from any account of the customer with the
26 banking institution to any other account with the banking institution; or

27 3. Deposit money into an account of the customer with the
28 banking institution;

29 (ii) Is not located at the principal banking office or any branch of the
30 banking institution; and

31 (iii) If manned, is manned by a person who is under contract with but is
32 not an employee or officer of the banking institution; and

33 (2) "Electronic terminal" does not include a telephone that the customer
34 operates.

35 (b) A banking institution may have an electronic terminal, if the [Bank]
36 Commissioner, after receiving the advice of the Banking Board, approves.

45

1 (c) The [Bank] Commissioner may approve a proposed electronic terminal only
2 if the [Bank] Commissioner determines that it will be an effective and efficient service,
3 consistent with sound banking practice, and the security of the transactions.

4 (d) (1) An electronic terminal may receive and dispense money as instructed by
5 a customer.

6 (2) A banking institution may verify by direct wire transmission or otherwise
7 any transaction that is made by means of an electronic terminal.

8 (3) The [Bank] Commissioner may adopt rules and regulations that are
9 substantially similar to those rules and regulations of the Comptroller of the Currency for
10 the operation and shared use of electronic terminals by national banking associations.

11 (e) (1) If, after an electronic terminal is approved, any requirement of the
12 section is not being met, the [Bank] Commissioner shall give the banking institution
13 notice of the deficiency.

14 (2) On notice of deficiency, a banking institution shall stop using the
15 electronic terminal.

16 (3) If the [Bank] Commissioner determines that the deficiency has been
17 corrected, the banking institution may resume use of the electronic terminal.

18 (f) For purposes of this article, an electronic terminal is not a branch of a banking
19 institution.

20 5-503.

21 (a) A banking institution may buy and hold real property only as provided in this
22 section.

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

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

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

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

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

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

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

46

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

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

5 (3) A banking institution:

6 (i) May not hold property acquired under this subsection for more
7 than:

8 1. 8 years; and

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

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

12 1. Sell the property; or

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

15 5-504.

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

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

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

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

25 (ii) Not detrimental to the public interest or to banking institutions;
26 and

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

29 5-511.

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

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

47

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

4 5-601.

5 (a) The board of directors of any banking institution may place the banking
6 institution, including its property, records, and business, in the hands of the [Bank]
7 Commissioner by posting on the front door of each banking office of the institution a
8 notice that states: "This institution is in the hands of the Maryland [Bank] Commissioner
9 OF FINANCIAL REGULATION".

10 (b) The banking institution immediately shall notify the [Bank] Commissioner of
11 its action, and the [Bank] Commissioner immediately shall take possession of the
12 institution.

13 5-602.

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

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

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

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

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

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

31 5-603.

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

35 5-604.

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

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

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

48

1 5-605.

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

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

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

8 (i) An examiner; or

9 (ii) The Federal Deposit Insurance Corporation.

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

13 (2) Appointment of the Federal Deposit Insurance Corporation becomes
14 effective when the Corporation files with the court and the court approves a certificate of
15 acceptance.

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

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

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

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

21 5-607.

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

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

29 5-609.

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

32 5-610.

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

49

1 5-612.

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

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

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

8 (i) Approve the plan; and

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

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

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

18 (2) The notice shall:

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

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

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

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

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

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

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

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

50

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

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

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

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

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

13 5-703.

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

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

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

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

23 5-801.

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

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

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

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

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

51

1 5-802.

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

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

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

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

18 5-807.

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

21 5-808.

22 (a) The [Bank] Commissioner may order any banking institution to cease and
23 desist 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 (b) To protect depositors, stockholders, or the public, the [Bank] Commissioner
29 may include in a cease and desist order a restriction on the withdrawal of money from any
30 banking institution.

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

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

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

52

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

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

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

7 5-809.

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

10 (1) An unsafe or unsound banking practice;

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

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

14 ~~5-901.~~

15 ~~(h) "Commissioner" means the [Maryland Bank] Commissioner OF~~
16 ~~FINANCIAL REGULATION.~~

17 5-1008.

18 (a) A banking institution that establishes a branch in another statemay exercise
19 at that branch all powers and rights permitted to banks in that state unless the [Bank]
20 Commissioner determines that the exercise of a power or right would threaten the safety
21 and soundness of the banking institution.

22 5-1009.

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

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

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

35 5-1010.

36 (a) Subject to § 5-1012 of this subtitle, if the [Bank] Commissioner finds that a
37 branch of an other-state bank in this State is being operated in an unsafe or unsound
38 manner or there is any violation of Maryland law by the branch of the other-state bank,

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1 the Commissioner may undertake enforcement actions as otherwise authorized under
2 provisions in this article governing banking institutions.

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

6 5-1011.

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

11 5-1012.

12 With respect to the supervision, enforcement, and reporting requirements of §§
13 5-1009, 5-1010, and 5-1011 of this subtitle, the [Bank] Commissioner shall act primarily
14 in cooperation with the home state regulator or federal regulator of the affected
15 out-of-state bank.

16 5-1014.

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

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

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

23 ~~5-1101.~~

24 ~~(d) "Commissioner" means the [Bank] Commissioner OF FINANCIAL~~
25 ~~REGULATION of this State.~~

26 5-1103.

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

30 (2) A person who violates this section is subject to a fine of not more than
31 \$1,000, or imprisonment for not more than 5 years, or both.

32 (e) (2) As to each conversion, the savings and loan association to be converted
33 shall file with the [Bank] Commissioner a bank charter and otherwise comply with §
34 3-203 of this article.

35 6-102.

36 Credit unions are subject to the supervision of the [Bank] Commissioner ~~OF~~
37 ~~FINANCIAL REGULATION.~~

54

1 6-204.

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

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

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

6 (2) The bylaws are reasonable;

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

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

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

12 (ii) Is expedient and desirable.

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

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

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

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

23 (i) Return one of the endorsed copies of the articles and bylaws to the
24 incorporators; and

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

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

28 6-205.

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

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

55

1 6-207.

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

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

5 6-208.

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

10 6-210.

11 The members of a credit union are:

12 (1) Each incorporator; and

13 (2) Each other person who:

14 (i) Is elected to membership;

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

16 (iii) Pays any entrance fee;

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

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

20 6-211.1.

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

22 (1) An action authorized under § 6-215 or § 6-223 of this subtitle;

23 (2) A voluntary dissolution under § 6-703 of this title; or

24 (3) A vote for which the [Bank] Commissioner has waived the requirement
25 for a mail ballot under § 6-701(d), § 6-701.1(e), § 6-702(e), or § 6-704(e) of this title.

26 6-219.

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

30 6-220.

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

56

1 6-222.

2 (b) An amendment to the bylaws or articles of incorporation does not become
3 effective until the amendment is approved by the [Bank] Commissioner and a copy
4 certified by the [Bank] Commissioner is filed with the State Department of Assessments
5 and Taxation.

6 6-302.

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

10 6-303.

11 (a) In this section, "examiner" means:

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

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

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

15 (1) ~~{At least once a DURING EACH CALENDAR year} ON A~~
16 ~~REGULARLY SCHEDULED BASIS AS DETERMINED BY THE COMMISSIONER,~~
17 UNLESS THE COMMISSIONER DETERMINES THAT, DURING A CALENDAR YEAR, AN
18 EXAMINATION IS UNNECESSARY, IN WHICH EVENT AN EXAMINATION SHALL OCCUR
19 NO LESS FREQUENTLY THAN ONCE EVERY 18 MONTHS;

20 (2) When asked to do so by the board of directors or supervisory committee
21 of the credit union; and

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

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

25 (1) \$20; and

26 (2) The lesser of:

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

28 (ii) \$20 plus 1/18 of 1 percent of assets of the credit union over
29 \$10,000.

30 6-304.

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

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

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

57

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

2 (2) Signed and acknowledged by:

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

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

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

8 6-305.

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

14 6-306.

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

18 6-307.

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

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

22 (2) Is insolvent;

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

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

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

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

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

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

58

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

3 6-307.1.

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

6 (1) An unsafe or unsound banking practice;

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

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

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

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

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

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

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

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

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

26 6-307.2.

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

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

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

59

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

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

8 6-307.3.

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

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

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

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

23 6-308.

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

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

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

32 6-505.

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

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

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

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

60

- 1 (1) An endorsed note;
- 2 (2) A note secured by a recorded first or second lien on real property;
- 3 (3) An assignment of shares or deposits in the credit union; or
- 4 (4) Any other kind of security that is approved by the [Bank]
- 5 Commissioner.

6 6-506.

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

9 6-601.

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

13 6-602.

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

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

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

19 6-603.

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

- 22 (1) Deposited in State banking institutions, national banking associations
- 23 located in this State, or insured savings and loan associations located in this State;

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

- 26 (3) Invested in certificates of deposit with the prior approval of the [Bank]
- 27 Commissioner; or

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

30 6-604.

31 A credit union may borrow money for not longer than 1 year from any source,
32 including another credit union, as long as the total borrowing does not exceed 50 percent
33 of the paid-in and unimpaired capital and surplus of the borrowing credit union. The
34 1-year period may be extended for an additional year with the approval of the [Bank]
35 Commissioner.

61

1 6-605.

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

4 6-607.

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

8 (1) On any State holiday;

9 (2) At any other time if:

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

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

13 6-701.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 6-701.1.

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

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

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

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

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

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

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

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

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

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

34 (g) When the conversion is complete, the successor credit union owns all of the
35 assets and is responsible for all the obligations of the credit union as though the
36 conversion had not taken place.

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1 6-702.

2 (a) With the approval of the [Bank] Commissioner, any credit union may merge
3 into any other credit union under the existing charter of the other credit union as
4 provided in this section.

5 (b) A majority of the board of directors of each credit union proposing a merger
6 shall:

7 (1) Adopt a resolution that declares that the merger is advisable; and

8 (2) Set a date for a vote on the proposed merger by the members of each
9 credit union party to the merger by mail ballot to be filed on or before that date.

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

13 (d) The merger shall be in accordance with a plan that is:

14 (1) Agreed to by a majority of the board of directors of each credit union
15 party to the merger; and

16 (2) Approved by the members of each credit union party to the merger, by
17 the affirmative vote of a majority of the members of each credit union party to the merger
18 who vote on the proposal.

19 (e) (1) After agreement by the directors and approval by the members of the
20 merging credit unions, the president and secretary of each credit union party to the
21 merger shall execute a certificate of merger.

22 (2) The certificate of merger shall include as to each credit union party to
23 the merger:

24 (i) The time and place of the meeting of the board of directors at
25 which the plan was agreed to;

26 (ii) The vote by which the plan was agreed to by the directors;

27 (iii) A copy of the resolution or other action by which the plan was
28 agreed to by the directors;

29 (iv) The date on or by which the plan was approved by the members;
30 and

31 (v) The vote by which the plan was approved by the members.

32 (f) The certificate of merger and a copy of the plan of merger shall be:

33 (1) Sent to the [Bank] Commissioner; and

34 (2) If approved by the [Bank] Commissioner, certified by the [Bank]
35 Commissioner and returned to each credit union party to the merger within 30 days.

1 (g) When the certificate is certified and sent back to the credit unions by the
2 [Bank] Commissioner:

3 (1) All of the property, property rights, and members' interest of the merged
4 credit union belong to the surviving credit union without deed, endorsement, or other
5 instrument of transfer;

6 (2) All of the debts, obligations, and liabilities of the merged credit union
7 are assumed by the surviving credit union; and

8 (3) The rights and privileges of the members of the merged credit union
9 remain intact.

10 (h) The surviving credit union shall act promptly to file and record the certified
11 certificate and plan of merger with the State Department of Assessments and Taxation.

12 6-703.

13 (a) Any credit union may dissolve voluntarily, if the members of the credit union
14 and the [Bank] Commissioner approve the dissolution as provided in this section.

15 (b) (1) A proposed dissolution shall be approved at a meeting called for that
16 purpose by the affirmative vote of 80 percent of the entire membership of the credit
17 union.

18 (2) Each member who votes for the dissolution shall sign a statement of
19 consent to the dissolution.

20 (c) After a proposed dissolution is approved by the members, the credit union
21 shall file with the [Bank] Commissioner:

22 (1) A copy of the statement of consent, attested to by its president or a
23 vice-president and by its secretary or treasurer; and

24 (2) A verified statement of the names and addresses of its officers and
25 directors.

26 (d) (1) If the [Bank] Commissioner finds that the credit union is solvent, the
27 [Bank] Commissioner shall issue to the credit union duplicate certificates stating that
28 the credit union appears to have complied with this section.

29 (2) The credit union shall file one of the certificates with the State
30 Department of Assessments and Taxation.

31 (e) When the certificate is filed with the State Department of Assessments and
32 Taxation, the credit union is dissolved.

33 (f) (1) On dissolution, a credit union may operate only to wind up its business
34 and affairs.

35 (2) Under the direction of the [Bank] Commissioner, the board of directors
36 of the dissolved credit union shall:

37 (i) Discharge its debts and obligations;

65

1 (ii) Collect and distribute its assets; and

2 (iii) Do anything else necessary to wind up its business and affairs.

3 (3) For 3 years after the dissolution becomes effective, the credit union,
4 acting by its board of directors:

5 (i) Shall continue in existence for the purpose of winding up its
6 business and affairs; and

7 (ii) May sue and be sued in its name.

8 6-704.

9 (a) Any credit union voluntarily may place its business and assets in the hands of
10 the [Bank] Commissioner for liquidation as provided in this section.

11 (b) A majority of the board of directors of a credit union proposing a voluntary
12 receivership shall:

13 (1) Adopt a resolution that declares that the voluntary receivership is
14 advisable; and

15 (2) Set a date for a vote on the proposed voluntary receivership by the
16 members of the credit union by mail ballot to be filed on or before that date.

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

20 (d) The proposed voluntary receivership shall be approved by the affirmative vote
21 of a majority of the members of the credit union who vote on the proposal.

22 (e) After the action is approved by the members, the proper officers of the credit
23 union shall certify the action of the members to the [Bank] Commissioner, and the
24 [Bank] Commissioner shall post a notice at each office of the credit union that states:
25 "This credit union is in the hands of the Maryland [Bank] Commissioner OF FINANCIAL
26 REGULATION for liquidation."

27 (f) If a credit union is placed in the hands of the [Bank] Commissioner under
28 this section, the [Bank] Commissioner shall place the credit union in receivership for
29 liquidation in the same manner as provided for a banking institution under Title 5,
30 Subtitle 6 of this article.

31 7-103.

32 The purposes of the Corporation are to:

33 (10) Cooperate with and assist credit unions, organizations of credit unions,
34 the [Bank] Commissioner OF FINANCIAL REGULATION, the National Credit Union
35 Administration, the Central Credit Union of Maryland, and others in improving the
36 general welfare of the people through credit unions.

1 7-104.

2 (a) The Corporation exercises its powers and performs its duties subject to the
3 authority of the [Bank] Commissioner ~~OF FINANCIAL REGULATION~~.

4 (b) Except as otherwise provided in this title, the Corporation has all of the
5 powers, privileges, and immunities granted to Maryland corporations under the Maryland
6 General Corporation Law.

7 (c) The Corporation has perpetual existence.

8 (d) The Corporation may:

9 (1) Lend money to any credit union;

10 (2) Guarantee, endorse, or act as surety on the obligations of or otherwise
11 assist financially any credit union; and

12 (3) Establish and regulate the terms and conditions of and charges for any
13 loans or financial assistance to credit unions.

14 (e) (1) The Corporation may buy, lease, or otherwise acquire and sell,
15 mortgage, lease, or otherwise dispose of real or personal property on the terms that its
16 Board of Directors considers advisable.

17 (2) The Corporation may acquire any real or personal property in
18 satisfaction of debts or enforcement of obligations and may dispose of that property.

19 (f) The Corporation may:

20 (1) Assist in the merger, stabilization, consolidation, or liquidation of credit
21 unions; and

22 (2) Take possession of and operate the business and assets of any credit
23 union if ordered to do so by the [Bank] Commissioner under § 6-307 of this article.

24 (g) The Corporation may become a member of the National Association of Share
25 Insurance Corporations or any comparable organization.

26 (h) The Corporation may invest any of its funds in:

27 (1) Cash or deposits in checking or savings accounts with or certificates of
28 deposit of:

29 (i) Any bank that is a member of the Federal Deposit Insurance
30 Corporation; and

31 (ii) Any savings and loan association that is a member of the Federal
32 Savings and Loan Insurance Corporation, the State of Maryland Deposit Insurance Fund
33 Corporation, or a similar insurance program;

34 (2) Cash or deposits in share or deposit accounts with or certificates of
35 deposit or notes of any credit union that is a member of the Corporation, the National
36 Credit Union Administration Share Insurance Program, or a similar insurance program;

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1 (3) Obligations of:

2 (i) The United States or any state or any political subdivision of any
3 state;

4 (ii) Any commission, instrumentality, agency, or authority of the
5 United States or any state; and

6 (iii) Any corporation that is incorporated under the laws of the United
7 States or of any state;

8 (4) Readily marketable, dividend-paying shares of any corporation that is
9 incorporated under the laws of the United States or of any state, except that it may not
10 invest more than 10 percent of its total assets in these shares nor more than 3 percent of
11 its total assets in the shares of any one corporation; and

12 (5) Any other investments, including common trust investments, that are
13 permitted by law or authorized by the [Bank] Commissioner for credit unions.

14 (i) The Corporation may:

15 (1) Borrow money and otherwise incur obligations for any of its purposes;

16 (2) Issue its secured or unsecured bonds, debentures, notes, or other
17 evidences of obligation; and

18 (3) Secure these obligations by mortgage, pledge, or other lien on all or any
19 part of its property, rights, and privileges.

20 7-106.

21 (a) (1) Any credit union may apply to the Corporation to become a member of
22 the Corporation.

23 (2) The Corporation shall refer each application that it receives to the
24 [Bank] Commissioner.

25 (b) On receipt of an application for membership, the [Bank] Commissioner shall
26 examine the affairs of the credit union. If the [Bank] Commissioner finds that the credit
27 union qualifies for membership under § 7-107 of this title, the Commissioner shall certify
28 that fact to the Corporation.

29 (c) The Corporation may not extend benefits to any credit union until the
30 Corporation receives the certification of the [Bank] Commissioner.

31 7-107.

32 (a) (1) A credit union becomes a member of the Corporation when:

33 (i) The financial affairs, solvency, and management of a credit union
34 have been certified by the [Bank] Commissioner as approved for insurance of its share
35 and deposit accounts; and

36 (ii) The application of the credit union is accepted by the Board of
37 Directors of the Corporation.

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1 (2) The Board of Directors of the Corporation may deny the application of
2 a credit union only for good cause shown.

3 (c) (1) If the Board of Directors of the Corporation finds that unsafe or
4 unsound practices or mismanagement of a member threatens loss to the Corporation or
5 appears to affect adversely the solvency of the member, the Board may:

6 (i) Order the member to correct the situation; or

7 (ii) With the approval of the [Bank] Commissioner and after giving
8 the member notice and an opportunity for a hearing, revoke the membership of the credit
9 union.

10 (2) A credit union that is organized under federal law or the laws of any
11 other state may withdraw from the Corporation by:

12 (i) Giving written notice at least 1 year in advance; and

13 (ii) Complying with the bylaws, rules, and regulations of the
14 Corporation.

15 7-109.

16 (f) Each director is entitled to reasonable compensation, as set by the Board of
17 Directors with the approval of the [Bank] Commissioner.

18 7-111.

19 (a) The Board of Directors of the Corporation shall adopt bylaws for the
20 Corporation and rules and regulations to carry out the provisions of this title.

21 (b) (1) A bylaw, rule, or regulation becomes effective only after it is submitted
22 to and approved by the [Bank] Commissioner.

23 (2) A bylaw, rule, or regulation is considered approved if the [Bank]
24 Commissioner does not notify the Corporation of disapproval and the reasons for it
25 within 30 days after submission of the bylaw, rule, or regulation.

26 (3) The [Bank] Commissioner may disapprove a bylaw, rule, or regulation
27 only if the [Bank] Commissioner has reason to believe that:

28 (i) It is contrary to the principles or purposes of this title; or

29 (ii) It does not serve the best interests of the public.

30 7-113.

31 (a) This section applies notwithstanding any other provisions of law.

32 (b) (1) The Corporation and the [Bank] Commissioner may exchange
33 information about credit unions.

34 (2) The [Bank] Commissioner shall make available to the Corporation all
35 examinations of credit unions that are members of the Corporation.

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1 (c) If a credit union is not incorporated under the laws of this State, the credit
2 union may not be accepted as a member of the Corporation unless it submits a written
3 statement from the agency that regulates it stating that the agency will cooperate with the
4 [Bank] Commissioner in carrying out the provisions of this title.

5 9-101.

6 (e) "Deposit association" means a savings and loan association that has savings
7 deposit accounts.

8 (f) "Division Director" means the [Bank] Commissioner ~~of~~ [the State of
9 Maryland] ~~FINANCIAL REGULATION~~.

10 9-208.1.

11 (b) The Division Director may approve an application seeking incorporation of a
12 newly formed savings and loan association under this title if:

13 (3) All other requirements set forth in this title and imposed by the [Bank]
14 Commissioner ~~OF FINANCIAL REGULATION~~ are satisfied.

15 9-216.

16 (g) Approval under this section is not required for an acquisition in the case of
17 either:

18 (1) An acquisition of shares by the issuer of the shares or by a person who,
19 at the time of acquisition, controls the association or entity whose shares or interest are
20 proposed to be acquired;

21 (2) A merger or consolidation which requires the approval of the Division
22 Director, [Bank] Commissioner ~~OF FINANCIAL REGULATION~~, or the Federal
23 Home Loan Bank Board;

24 (3) A transaction by a broker-dealer who does no more than perform the
25 customary broker's function in transactions on a stock exchange or in the
26 over-the-counter market, who receives no more than the customary broker's commission
27 and who does not solicit, or arrange for the solicitation of orders; or

28 (4) A transfer through testate or intestate succession, as long as the
29 acquiring party advises the Division Director in writing within 30 days of the acquisition
30 and provides the information that the Division Director requires.

31 9-631.

32 A capital stock savings and loan association may convert to a commercial bank if:

33 (3) The [Bank] Commissioner ~~OF FINANCIAL REGULATION~~
34 approves;

35 9-632.

36 To convert to a commercial bank, a capital stock savings and loan shall deliver to
37 the [Bank] Commissioner ~~OF FINANCIAL REGULATION~~:

38 (1) A filing fee of \$1,000;

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- 1 (2) An application for conversion;
- 2 (3) A certified copy of the resolution of the board of directors that
- 3 authorizes the conversion;
- 4 (4) The proposed amended charter and bylaws amendments;
- 5 (5) The proposed notice of the meeting to consider conversion, and the time
- 6 and manner in which notice will be given to stockholders;
- 7 (6) The proposed proxy statement;
- 8 (7) The proposed plan of conversion; and
- 9 (8) Any additional documents required by the [Bank] Commissioner.

10 9-633.

11 The [Bank] Commissioner:

- 12 (1) Shall review an application for conversion to a commercial bank;
- 13 (2) Shall determine:
 - 14 (i) Whether the plan is fair to the stockholders of the converting
 - 15 association and the general public;
 - 16 (ii) That insurance of the savings accounts will remain ineffect after
 - 17 the conversion;
 - 18 (iii) That, after conversion, the commercial bank will be in sound
 - 19 financial condition and will be soundly managed;
 - 20 (iv) That conversion will not impair the capital of the association nor
 - 21 adversely affect the association's operations; and
 - 22 (v) That no person, member, employee, or otherwise will receive any
 - 23 inequitable gain or advantage by reason of the conversion;
- 24 (3) May require any changes that are necessary to ensure full disclosure of
- 25 all material facts;
- 26 (4) May not issue a certificate of authority to commence business to a
- 27 commercial bank unless all the requirements of this article governing a commercial bank
- 28 have been met;
- 29 (5) May modify the initial capitalization requirements of the commercial
- 30 bank if the [Bank] Commissioner determines that a modification is:
 - 31 (i) Reasonably required to protect the welfare of the commercial
 - 32 bank; and
 - 33 (ii) Not detrimental to the public interest or to the commercial bank;
 - 34 and
 - 35 (6) May adopt regulations to carry out the provisions of this part.

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1 9-634.

2 Within 60 days of the filing of an application, if the [Bank] Commissioner finds
3 that the stock association has met the requirements of § 9-633 of this subtitle, the
4 [Bank] Commissioner shall issue to the converting association a letter of preliminary
5 approval of the conversion.

6 9-635.

7 (a) On receipt of the [Bank] Commissioner's letter of preliminary approval, the
8 board of directors of the converting association shall call a meeting of the members for
9 the purpose of considering the plan of conversion to a commercial bank.

10 9-637.

11 (a) The board of directors of the converting association shall deliver to the
12 [Bank] Commissioner:

13 (1) A certified copy of the minutes of the meeting at which the conversion
14 was approved; and

15 (2) The executed charter amendments and a conformed copy.

16 (b) On receipt of the minutes and charter amendments under subsection (a) of
17 this section, the [Bank] Commissioner shall:

18 (1) Endorse the executed copy of the charter amendments as approved; and

19 (2) Send to the converting association:

20 (i) The endorsed copy; and

21 (ii) A final order of approval of the conversion to a commercial bank.

22 9-638.

23 Any applicant aggrieved by the action or nonaction of the [Bank] Commissioner
24 under this subtitle may appeal to the Circuit Court for Baltimore City.

25 9-640.

26 (b) A commercial bank that results from a conversion of a capital stock savings
27 and loan association may hold assets or conduct business activities, other than insurance
28 assets and insurance activities, that result from the conversion and that do not conform
29 with applicable law, unless a different period is authorized by federal regulatory agencies:

30 (1) For a period of 5 years after the conversion; and

31 (2) If the [Bank] Commissioner approves, for an additional period not
32 exceeding 5 years.

33 9-1102.

34 A mutual association may convert to a credit union if:

35 (1) Its members approve; and

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1 (2) Approval is granted by:

2 (i) The Division Director; and

3 (ii) The [Bank] Commissioner ~~OF FINANCIAL REGULATION~~.

4 9-1105.

5 (a) To convert to a credit union, the mutual association shall deliver to the
6 [Bank] Commissioner:

7 (1) A written application for conversion in the form that the Department of
8 Labor, Licensing, and Regulation requires;

9 (2) Any additional exhibits the Department may require;

10 (3) Any filing fee set by the Department by regulation; and

11 (4) Its proposed amended articles and bylaws.

12 (b) Upon receipt of an application to convert, the [Bank] Commissioner shall
13 examine the mutual association.

14 (c) The examination shall include, but not be limited to, the following:

15 (1) The financial history and condition of the mutual association including:

16 (i) The identification of overvalued assets, undisclosed nonperforming
17 loans, and understated liabilities;

18 (ii) The identification of assets that may become nonperforming assets
19 upon conversion;

20 (iii) The identification of loans in default and loans past due over 60
21 days;

22 (iv) Review of material litigation affecting the mutual association, and
23 the identification of significant judgments, orders or decrees affecting its financial status;
24 and

25 (v) Review of mortgage contracts, participating loans, and other
26 commitments.

27 (2) The management of the association.

28 (d) As a condition of approval of an application of conversion, the [Bank]
29 Commissioner may require a mutual association to have its books and records audited
30 and certified under § 9-502 of this title.

31 9-1106.

32 (a) In reviewing an application for conversion, the [Bank] Commissioner shall
33 determine:

34 (1) Whether, after conversion, the credit union will be in sound financial
35 condition and will be soundly managed; and

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1 (2) That no person will receive any inequitable gain or advantage by reason
2 of the conversion.

3 9-1107.

4 (c) The credit union shall certify the acceptance of the application and endorsed
5 amended articles and bylaws by the State Department of Assessments and Taxation
6 within 10 days of receiving the acceptance to the [Bank] Commissioner.

7 9-1108.

8 (a) The [Bank] Commissioner may require any changes to the application or
9 exhibits that the Department considers necessary.

10 (b) If the application for conversion is denied, the [Bank] Commissioner shall
11 endorse and date a copy of the application "denied", return it to the mutual association,
12 and certify this action to the State of Maryland Deposit Insurance Fund Corporation.

13 (c) If the application for conversion is approved, the [Bank] Commissioner shall:

14 (1) Sign, date, and endorse each copy of the application for conversion as
15 "approved";

16 (2) Keep and record 1 copy of each endorsed application; and

17 (3) Certify these actions taken to the share insurer.

18 [Subtitle 1. Commissioner of Consumer Credit.]

19 [11-101.

20 In this subtitle, "Commissioner" means the Commissioner of Consumer Credit.]

21 [11-102.

22 There is a Commissioner of Consumer Credit in the Department of Labor,
23 Licensing, and Regulation.]

24 [11-103.

25 (a) The Commissioner is appointed by the Secretary of Labor, Licensing, and
26 Regulation with the approval of the Governor.

27 (b) The Commissioner serves at the pleasure of the Secretary.

28 (c) (1) The Commissioner may not:

29 (i) Engage in the business of making loans; or

30 (ii) Be a stockholder, officer, director, or member of any corporation
31 or partnership that is engaged in the business of making loans.

32 (2) The Commissioner shall devote full time to the duties of the office.

33 (d) The Commissioner is entitled to the salary provided in the State budget.]

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1 [11-104.

2 (a) (1) The Commissioner may employ the staff, including investigative,
3 secretarial, and clerical employees, that is necessary for the efficient administration of the
4 office.

5 (2) The staff is entitled to the compensation provided in the State budget.

6 (b) Each employee of the Commissioner shall devote full time to that employee's
7 duties.]

8 [11-105.

9 (a) The Commissioner exercises the powers and performs the duties of the office
10 subject to the statutory authority of the Secretary.

11 (b) Directors and officers of institutions licensed under Titles 11 and 12 of this
12 article shall develop and implement, by December 31, 1989, written:

13 (1) Real estate appraisal policies; and

14 (2) Procedures pertaining to the hiring and performance of real estate
15 appraisers.

16 (c) The procedures required under subsection (b)(2) of this section shall set forth
17 specific factors to be considered by the institution's directors and officers, including but
18 not limited to:

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

21 (2) The real estate appraiser's:

22 (i) Professional education; and

23 (ii) Experience in real estate appraising.

24 (d) Real estate appraisal policies and procedures shall be submitted by
25 institutions licensed under Titles 11 and 12 of this article to the Commissioner of
26 Consumer Credit for review and approval.]

27 [11-106.

28 Subject to the evaluation and reestablishment provisions of the Program Evaluation
29 Act, the provisions of this subtitle that create the Office of the Commissioner of
30 Consumer Credit and relate to the duties and powers of the Commissioner are of no
31 effect and may not be enforced after July 1, 2002.]

32 ~~11-201.~~

33 ~~(b) "Commissioner" means the Commissioner of [Consumer Credit]~~
34 ~~FINANCIAL REGULATION.~~

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1 11-302.

2 (b) Unless the person is licensed by the Commissioner [of Consumer Credit], a
3 person may not:

4 (1) Engage in the business of making installment loans;

5 (2) Make more than 5 installment loans a year; or

6 (3) Engage in the business of a credit services business as defined under
7 Title 14, Subtitle 19 of the Commercial Law Article.

8 ~~11-401.~~

9 ~~(e) "Commissioner" means the Commissioner [of Consumer Credit] OF~~
10 ~~FINANCIAL REGULATION.~~

11 ~~11-501.~~

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

14 11-503.

15 The Commissioner [of Consumer Credit] may adopt rules and regulations to carry
16 out the provisions of this subtitle.

17 12-207.

18 A foreign banking corporation may not have an office or an electronic terminal in
19 this State for any purpose unless:

20 (1) The foreign banking corporation obtains from the [Bank]
21 Commissioner ~~OF FINANCIAL REGULATION~~ a permit for the office or terminal; or

22 (2) The office or electronic terminal is authorized under:

23 (i) The Riegle-Neal Interstate Banking and Branching Efficiency Act
24 of 1994 or other federal law; or

25 (ii) Title 5, Subtitle 9 or SUBTITLE 10 of this article.

26 12-208.

27 (a) To apply for a permit for an office or electronic terminal, a foreign banking
28 corporation shall:

29 (1) Submit to the [Bank] Commissioner an application on the form that the
30 [Bank] Commissioner requires; and

31 (2) Pay to the [Bank] Commissioner the application fee set by the [Bank]
32 Commissioner.

33 12-209.

34 On application for a permit, the [Bank] Commissioner, after receiving the advice
35 of the Banking Board, shall issue the permit, if the [Bank] Commissioner determines

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1 that the establishment and operations of the proposed office or electronic terminal will
2 not violate any law of this State that applies to banks and banking.

3 12-210.

4 (a) A permit expires on the second anniversary of its effective date, unless the
5 permit is renewed for a 2-year term as provided in this section.

6 (b) Before its permit expires, the foreign banking corporation may renew the
7 permit for additional 2-year terms if the foreign banking corporation:

8 (1) At least 30 days before its permit expires:

9 (i) Submits to the [Bank] Commissioner a renewal application on the
10 form that the [Bank] Commissioner requires; and

11 (ii) Pays to the [Bank] Commissioner the renewal fee set by the
12 [Bank] Commissioner; and

13 (2) Meets the requirements for issuance of a permit under § 12-209 of this
14 subtitle.

15 (c) The [Bank] Commissioner shall renew the permit of each foreign banking
16 corporation that meets the requirements of this section.

17 12-211.

18 The [Bank] Commissioner shall set the application and renewal fees in amounts
19 that reasonably relate to the cost of processing the applications.

20 12-401.

21 (a) In this subtitle the following words have the meanings indicated.

22 (b) (1) "Agent" means a person who is authorized by a licensee to issue or sell
23 payment instruments or traveler's checks under the name of the licensee at any location
24 other than the place of business specified in the license.

25 (2) "Agent" does not include a branch office of a licensee.

26 ~~(C) "COMMISSIONER" MEANS THE COMMISSIONER OF FINANCIAL~~
27 ~~REGULATION.~~

28 ~~{(c)}~~ ~~(D)~~ "License" means a license issued by the [Bank] Commissioner under
29 this subtitle to issue or sell payment instruments or traveler's checks.

30 ~~{(d)}~~ ~~(E)~~ "Outstanding" means sold in the United States and reported to the
31 licensee.

32 ~~{(e)}~~ ~~(F)~~ (1) "Payment instrument" means an order for the payment or
33 transmission of money.

34 (2) "Payment instrument" includes a check, draft, money order, or other
35 instrument for the payment or transmission of money, whether or not the instrument is:

36 (i) Negotiable; or

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1 (ii) Sold to one or more persons.

2 (3) "Payment instrument" does not include:

3 (i) A traveler's check;

4 (ii) An instrument that the issuer may redeem in merchandise or
5 services;

6 (iii) A letter of credit; or

7 (iv) A permissible investment.

8 ~~{f}~~ ~~(G)~~ "Permissible investment" means:

9 (1) Cash;

10 (2) A certificate of deposit or other debt instrument of a banking institution,
11 except a capital note;

12 (3) Unless found by the [Bank] Commissioner to be unacceptable:

13 (i) A [bankers'] BANKER'S acceptance if the draft is drawn on and
14 accepted by a banking institution and is eligible for purchase by a member bank of the
15 Federal Reserve System;

16 (ii) Obligations of or obligations guaranteed by the United States, any
17 state, or any of their agencies or instrumentalities;

18 (iii) A bill, note, bond, debenture, or preferred stock that is traded on
19 a national over-the-counter market or exchange;

20 (iv) Commercial paper of prime quality as defined by a nationally
21 recognized organization that rates securities; and

22 (v) Any demand borrowing agreement or agreements in an amount or
23 aggregate amount which does not exceed 10 percent of the net worth of the company
24 liable for payment under the agreement thereof as shown on financial statements
25 certified by a certified public accountant acceptable to the [Bank] Commissioner, which
26 company is a corporation or a subsidiary of a corporation whose capital stock is listed on
27 a national exchange and is not a licensee or agent of a licensee under this subtitle. The
28 borrowing agreements shall be filed with the [Bank] Commissioner in addition to
29 quarterly financial statements and any other financial information as the [Bank]
30 Commissioner may deem necessary; and

31 (4) Any other investment that the [Bank] Commissioner approves.

32 ~~{g}~~ ~~(H)~~ "Traveler's check" means an instrument for the payment of money that:

33 (1) Is a multiple of any denomination;

34 (2) Provides for a specimen signature of the buyer to be completed when the
35 instrument is bought; and

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1 (3) Provides for a countersignature of the buyer, to be completed when the
2 instrument is negotiated.

3 12-403.

4 The [Bank] Commissioner may adopt rules and regulations to carry out the
5 provisions of this subtitle.

6 12-404.

7 A person may not engage in the business of issuing or selling payment instruments
8 or traveler's checks unless the person:

9 (1) Is licensed by the [Bank] Commissioner;

10 (2) Is an agent of a licensee under whose name the payment instruments or
11 traveler's checks are issued or sold; or

12 (3) Is a person exempted from licensing under this subtitle.

13 12-405.

14 [(a)] To qualify for a license, an applicant shall satisfy the [Bank] Commissioner
15 that the applicant:

16 (1) Is trustworthy and reputable;

17 (2) Has a good business reputation;

18 (3) Has sufficient business experience;

19 (4) Will keep at all times the permissible investments required under §
20 12-414 of this subtitle; and

21 [(b)] (5) Has a net worth of at least \$100,000, computed according to generally
22 accepted accounting principles.

23 12-406.

24 (a) (1) To apply for a license, an applicant shall sign and submit to the [Bank]
25 Commissioner a verified application in the form that the [Bank] Commissioner requires.

26 (2) The application shall include:

27 (i) The applicant's name, business address, and, if the applicant is an
28 individual, residence address;

29 (ii) If the applicant is a corporation or association, the name and
30 business address of each of its officers and directors;

31 (iii) If the applicant is an unincorporated entity with less than 100
32 members or a partnership, the name and business address of each of its members;

33 (iv) The address at which the business is to be conducted; and

34 (v) The name, business address, and nature of business of each agent
35 who is authorized to do business on behalf of the applicant.

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1 (b) (1) With the application, the applicant shall submit the most recent
2 unconsolidated financial statement of the applicant.

3 (2) The statement shall:

4 (i) Be prepared in accordance with generally accepted accounting
5 principles applied on a consistent basis;

6 (ii) Be audited and certified by an independent certified public
7 accountant; and

8 (iii) Include a schedule of all of the permissible investments of the
9 applicant.

10 (c) With the application, the applicant shall pay to the [Bank] Commissioner:

11 (1) An investigation fee of \$500;

12 (2) The agent fee required by § 12-411 of this subtitle; and

13 (3) A license fee of either:

14 (i) \$200 if the applicant applies for the license on or after January 1
15 and on or before June 30; or

16 (ii) \$100 if the applicant applies for the license on or after July 1 and
17 on or before December 31.

18 (d) With the application, the applicant shall file a surety bond or deposit
19 permissible investments with the [Bank] Commissioner as provided in § 12-410 of this
20 subtitle.

21 (e) (1) For each license for which an applicant applies, the applicant shall:

22 (i) Submit a separate application;

23 (ii) Submit a separate financial statement;

24 (iii) Pay a separate license fee; and

25 (iv) For each agent who is authorized to do business undereach
26 license, pay the agent fee required by § 12-411 of this subtitle.

27 (2) If an applicant has or is applying for more than one license, the
28 applicant may comply with subsection (d) of this section by filing only one bond or
29 depositing only one set of permissible investments.

30 (3) If an applicant has or is applying for more than one license, the
31 applicant is not required to file a separate investigation fee.

32 12-407.

33 (a) When an applicant for a license files the application and financial statement,
34 files a bond or deposits permissible investments, and pays the fees required by § 12-406
35 of this subtitle, the [Bank] Commissioner shall investigate to determine if the applicant
36 meets the requirements of this subtitle for a license.

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1 (b) The [Bank] Commissioner shall approve or deny each application for a
2 license within 60 days after the date when the application and financial statement is filed,
3 the bond is filed or permissible investments are deposited, and the fees are paid.

4 (c) The [Bank] Commissioner shall issue a license to any applicant who meets
5 the requirements of this subtitle.

6 (d) (1) If an applicant does not meet the requirements of this subtitle, the
7 [Bank] Commissioner shall:

8 (i) Notify the applicant immediately of this fact;

9 (ii) Subject to the hearing provisions of § 12-421 of this subtitle, deny
10 the application;

11 (iii) Return the bond filed or permissible investments deposited under
12 § 12-406 of this subtitle;

13 (iv) Refund the license and agent fees; and

14 (v) Keep the investigation fee.

15 (2) Within 30 days after the [Bank] Commissioner denies an application,
16 the [Bank] Commissioner shall:

17 (i) File in the [Bank] Commissioner's office a written order of the
18 denial;

19 (ii) Mail a copy of the order to the applicant at the address given on
20 the application; and

21 (iii) Return the bond filed or permissible investments deposited under
22 § 12-406 of this subtitle.

23 12-408.

24 (a) The [Bank] Commissioner shall include on each license:

25 (1) The name of the licensee; and

26 (2) The address at which the business is to be conducted.

27 (b) (1) A license authorizes the licensee to do business under the license, at the
28 licensed place of business.

29 (2) A license does not authorize the licensee to accept deposits or engage
30 otherwise in a banking business except as authorized in this subtitle.

31 (3) Only one place of business may be maintained under any one license.

32 (c) The [Bank] Commissioner may issue more than one license to an applicant
33 who:

34 (1) Complies with § 12-406 of this subtitle; and

35 (2) Otherwise meets the requirements of this subtitle.

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1 12-409.

2 (a) A license expires on the December 31 after its effective date, unless it is
3 renewed for a 1-year term as provided in this section.

4 (b) On or before December 10, a licensee may renew a license for an additional
5 year, if the licensee:

6 (1) Otherwise is entitled to be licensed;

7 (2) Files any bond renewal certificate or new bond or deposits any new
8 permissible investments required by § 12-410 of this subtitle;

9 (3) Pays to the [Bank] Commissioner a license fee of \$200;

10 (4) Submits the report and pays the agent fee required by § 12-411 of this
11 subtitle; and

12 (5) Submits to the [Bank] Commissioner:

13 (i) A renewal application on the form that the [Bank] Commissioner
14 requires; and

15 (ii) A financial statement that complies with the requirements of §
16 12-406(b)(2) of this subtitle.

17 12-410.

18 (a) With the application for a new or renewal license, the applicant either shall
19 file a surety bond or bond renewal certificate or shall deposit permissible investments
20 with the [Bank] Commissioner as provided in this section.

21 (b) (1) A surety bond filed under this section shall run to this State for the
22 benefit of any person who has a cause of action against the applicant for any liability
23 incurred on a payment instrument or traveler's check issued or sold by the applicant or by
24 any agent of the applicant.

25 (2) The surety bond shall be:

26 (i) In the amount required by subsection (d) of this section; and

27 (ii) Issued by a bonding company or insurance company that is
28 authorized to do business in this State.

29 (3) The surety bond shall provide that if a buyer or holder of a payment
30 instrument or traveler's check obtains a judgment against the licensee and the judgment
31 remains unsatisfied for more than 30 days after the licensee and surety are served with
32 notice of the entry of judgment, an action may be brought against the surety for the
33 amount of the judgment, but not exceeding the amount of the bond.

34 (4) The liability of a surety:

35 (i) Is not affected by the insolvency or bankruptcy of the licensee or
36 by any misrepresentation, breach of warranty, failure to pay a premium, or other act or
37 omission of the licensee; and

1 (ii) Continues, if the licensee dies, dissolves, or liquidates, as to all
2 transactions of an agent, until the earlier of 60 days after the death, dissolution, or
3 liquidation or 60 days after the termination of the bond.

4 (5) A licensee or surety may cancel a bond by giving the [Bank]
5 Commissioner notice of the cancellation by certified mail, return receipt requested,
6 bearing a postmark from the United States Postal Service. However, the cancellation is
7 not effective until 30 days after the [Bank] Commissioner receives the notice.

8 (c) (1) Permissible investments deposited under this section shall:

9 (i) Have a market value equal to the amount required by subsection
10 (d) of this section; and

11 (ii) Be held by the [Bank] Commissioner to secure the same
12 obligations as are required to be secured by a bond under subsection (b) of this section.

13 (2) At any time, a licensee may exchange deposited permissible investments
14 for other permissible investments that meet the requirements of this subsection.

15 (3) The [Bank] Commissioner may sell or transfer deposited permissible
16 investments and dispose of their proceeds only on the order of a court of competent
17 jurisdiction.

18 (4) As long as a licensee is solvent, the licensee is entitled to receive any
19 interest or dividends earned by the deposited permissible investments.

20 (5) The [Bank] Commissioner may place the deposited permissible
21 investments in the custody of any qualified trust company or national banking association
22 in this State. The licensee shall pay the compensation of this custodian.

23 (d) (1) The amount of the bond to be filed with the [Bank] Commissioner or
24 the fair market value of the permissible investments to be deposited with the [Bank]
25 Commissioner shall be in an amount of not less than \$100,000 plus an additional amount
26 of not less than \$10,000 for each agent of the licensee, but in no event shall the bond or
27 fair market value of permissible investments exceed \$350,000, as set by the [Bank]
28 Commissioner.

29 (2) In setting the amount of the bond, the [Bank] Commissioner shall
30 consider:

31 (i) The financial condition of the applicant;

32 (ii) The number of places of business at which the applicant will be
33 selling payment instruments or traveler's checks; and

34 (iii) The potential loss of buyers and holders of payment instruments or
35 traveler's checks if the applicant becomes financially impaired.

36 (e) (1) If the principal amount of a bond is reduced by a payment of a claim or
37 judgment, the licensee shall file with the [Bank] Commissioner any new or additional
38 bond in the amount that the [Bank] Commissioner sets.

1 (2) If the [Bank] Commissioner at any time believes that the bond filed or
2 permissible investments deposited under this section are insecure, exhausted, or
3 otherwise unsatisfactory, the [Bank] Commissioner may require an additional bond to be
4 filed or additional or substitute permissible investments to be deposited by the licensee.
5 Within 30 days after the [Bank] Commissioner makes a written demand for the new
6 bond or permissible investments, the licensee shall file the new bond or deposit the new
7 permissible investments.

8 12-411.

9 (a) Each agent that a licensee names under a license is the designated agent of
10 the licensee for all purposes in connection with the licensee's business under that license.

11 (b) Each licensee shall pay to the [Bank] Commissioner, as provided in this
12 section, an annual agent fee of \$4 for each agent of the licensee who is not a person
13 exempted from the licensing provisions of this subtitle by § 12-402 of this subtitle.

14 (c) With the application for a new license, the applicant shall pay for that license
15 year the required agent fee for each agent who is named in the application and for whom
16 a fee is required under subsection (b) of this section.

17 (d) (1) On or before July 10 of each year, each licensee shall file with the
18 [Bank] Commissioner a report that:

19 (i) Is in the form that the [Bank] Commissioner requires; and

20 (ii) Is signed and verified by the licensee.

21 (2) This report shall include, as of July 1 of that year:

22 (i) The name, business address, nature of business, and date of
23 appointment of each new agent appointed by the licensee since December 1 of the
24 preceding year; and

25 (ii) The name of any agent whose agency has been canceled by the
26 licensee since December 1 of the preceding year.

27 (3) With this report, the licensee shall pay, for the current license year, the
28 required agent fee for each new agent who is named in the report and for whom a fee is
29 required under subsection (b) of this section and for whom a fee has not been paid
30 already.

31 (e) (1) On or before December 10 of each year, each licensee shall file with the
32 [Bank] Commissioner a report that:

33 (i) Is in the form that the [Bank] Commissioner requires; and

34 (ii) Is signed and verified by the licensee.

35 (2) This report shall include, as of December 1 of that year:

36 (i) An alphabetical listing of all of the agents of the licensee, including
37 the name, business address, nature of business, and date of appointment of each agent;
38 and

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1 (ii) Any other information that the [Bank] Commissioner requires.

2 (3) With this report, the licensee shall pay, for the current license year, the
3 required agent fee for each new agent who was appointed by the licensee since July 1 of
4 that year for whom a fee is required under subsection (b) of this section and for whom a
5 fee has not been paid already.

6 (4) With the application for a renewal license, the licensee shall pay, for the
7 renewal license year, the required agent fee for each agent who is named in the report for
8 whom a fee is required under subsection (b) of this section.

9 12-412.

10 (a) A licensee may not change the place of business for which a license is issued
11 unless the licensee:

12 (1) Notifies the [Bank] Commissioner in writing of the proposed change;
13 and

14 (2) Receives the written consent of the [Bank] Commissioner.

15 (b) If the [Bank] Commissioner consents to the proposed change of place of
16 business, the licensee shall attach the written consent to the license.

17 12-413.

18 (a) At the end of each quarter for which the licensee does not file an audited
19 financial statement, the licensee shall file a report that includes for that quarter:

20 (1) An unaudited, unconsolidated statement of income and a statement of
21 the condition of the licensee;

22 (2) A schedule of the permissible investments that the licensee holds as
23 required under § 12-414 of this subtitle; and

24 (3) A statement of outstanding payment instruments or outstanding
25 traveler's checks.

26 (b) On or before April 30 of each year, or on or before 120 days after the close of
27 the fiscal year of the licensee, whichever is later, each licensee shall file with the [Bank]
28 Commissioner an annual report that:

29 (1) Contains the information that the [Bank] Commissioner requires about
30 the business of the licensee during the previous license year;

31 (2) Is on the form that the [Bank] Commissioner requires; and

32 (3) Is signed and verified by the licensee.

33 (c) (1) If a buyer or holder of a payment instrument or traveler's check brings
34 an action against a licensee, the licensee shall:

35 (i) Notify the [Bank] Commissioner of the action by certified mail,
36 return receipt requested, bearing a postmark from the United States Postal Service,
37 within 10 days after the action is begun; and

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1 (ii) Include in the notice details sufficient to identify the action.

2 (2) If judgment is entered against a licensee, the licensee shall:

3 (i) Notify the [Bank] Commissioner of the judgment by registered
4 mail within 10 days after judgment is entered; and

5 (ii) Include in the notice details sufficient to identify the judgment.

6 (3) If a surety pays a claim or judgment against a licensee, the surety shall:

7 (i) Notify the [Bank] Commissioner of the payment by registered
8 mail within 10 days after the payment is made; and

9 (ii) Include in the notice details sufficient to identify the buyer or
10 holder of the payment instrument or traveler's check and the claim or judgment paid.

11 12-417.

12 (a) A determination as to the value of permissible investments of an applicant or
13 licensee shall be computed in accordance with recognized accounting principles.

14 (b) If the [Bank] Commissioner finds that the books, records, and accounting
15 procedures of a licensee are not adequate to enable the [Bank] Commissioner to
16 determine whether the licensee is in compliance with this subtitle, the [Bank]
17 Commissioner may require the licensee to adopt standard, recognized accounting and
18 bookkeeping procedures and records for this purpose.

19 12-418.

20 (a) A licensee may surrender a license by sending to the [Bank] Commissioner a
21 written statement that the license is surrendered.

22 12-419.

23 (a) To discover any violations of this subtitle or to obtain any information
24 required by this subtitle, the [Bank] Commissioner at any time may investigate the
25 business of:

26 (1) Any licensee;

27 (2) Any person who is engaged or participating in the business of issuing or
28 selling payment instruments or traveler's checks, whether as principal, agent, or
29 otherwise; and

30 (3) Any other person who the [Bank] Commissioner has cause to believe is
31 violating this subtitle, whether that person claims to be within or beyond the scope of this
32 subtitle.

33 (b) For the purposes of this section, the [Bank] Commissioner:

34 (1) Shall be given access to the place of business, books, papers, records,
35 safes, and vaults of the person under investigation; and

36 (2) May summon and examine under oath any person whose testimony the
37 [Bank] Commissioner requires.

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1 12-420.

2 (a) Subject to the hearing provisions of § 12-421 of this subtitle, the [Bank]
3 Commissioner may suspend or revoke the license of any licensee who violates any
4 provision of this subtitle.

5 (b) The [Bank] Commissioner shall begin proceedings to revoke the license of
6 any licensee who the [Bank] Commissioner finds ceases to meet the requirements for
7 licensure.

8 12-421.

9 (a) Before the [Bank] Commissioner denies an application for a license under §
10 12-407 of this subtitle or takes any action under § 12-420 of this subtitle, the [Bank]
11 Commissioner shall give the applicant or licensee an opportunity for a hearing.

12 12-422.

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.

16 12-701.

17 (a) A financial institution may apply to the [Bank] Commissioner ~~OF~~
18 ~~FINANCIAL REGULATION~~ to be supervised and examined by the [Bank]
19 Commissioner to the same extent that a banking institution is supervised and examined
20 under Title 5, Subtitle 2 of this article, other than § 5-203, if:

21 (1) The financial institution is a nonstock corporation under Title 5, Subtitle
22 2 of the Corporations and Associations Article which is recognized by the Internal
23 Revenue Service as exempt from tax under § 501(c)(3) of the Internal Revenue Code, as
24 amended;

25 (2) A majority and all controlling members of the financial institution are
26 persons designated and approved by any banking institutions or national banking
27 associations; and

28 (3) The financial institution is engaged solely in the extension of credit,
29 making of loans and arranging of financing for socially or economically disadvantaged
30 businesses for the purpose of:

31 (i) Encouraging and supporting the business and commercial
32 development of such businesses; and

33 (ii) Participating in and supporting special State, federal, local or
34 private industry programs intended to make available, offer, encourage, guarantee, or
35 otherwise facilitate loan and other financing programs for socially or economically
36 disadvantaged businesses.

37 (b) The [Bank] Commissioner shall supervise and examine a financial institution
38 that has applied to the [Bank] Commissioner and has met the requirements set forth
39 under paragraph (a) of this section.

87

1 12-702.

2 To qualify for supervision and examination, the applicant shall satisfy the [Bank]
3 Commissioner that the applicant:

4 (1) Is trustworthy and reputable;

5 (2) Has a good business reputation; and

6 (3) Has sufficient business experience, moral character, financial
7 responsibility, and genuine fitness to:

8 (i) Command the confidence of the public; and

9 (ii) Warrant the belief that the business will be operated lawfully,
10 honestly, fairly and efficiently.

11 12-703.

12 (a) (1) To apply for supervision and examination under this subtitle, an
13 applicant shall sign and submit to the [Bank] Commissioner a verified application on the
14 form that the [Bank] Commissioner requires.

15 (2) The applicant shall comply with all conditions and provisions within the
16 application.

17 (3) The applicant shall submit any other information that the [Bank]
18 Commissioner may require.

19 (b) With the application, the applicant shall pay to the [Bank] Commissioner an
20 investigation fee of \$100.00.

21 12-705.

22 (a) If the [Bank] Commissioner believes that a financial institution supervised
23 and examined under this subtitle has engaged in an unsafe or unsound banking practice,
24 or has failed to comply with the law, the [Bank] Commissioner shall send a warning to
25 the financial institution.

26 (b) If the [Bank] Commissioner finds that the financial institution has continued
27 to engage in the unsafe or unsound practice, or that the failure to comply with the law has
28 continued, subject to the hearing provisions of § 12-706 of this subtitle, the [Bank]
29 Commissioner may suspend or terminate its supervision and examination of the financial
30 institution.

31 12-706.

32 (a) If the [Bank] Commissioner takes any action under § 12-705(b) of this
33 subtitle, the [Bank] Commissioner shall give the financial institution the opportunity for
34 a hearing.

35 (b) Notice of the hearing shall be given and a hearing shall be held in accordance
36 with the Administrative Procedure Act.

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1 12-707.

2 Any person who is aggrieved by any decision or finding of the [Bank]
3 Commissioner under this subtitle may appeal to the circuit court for the county in which
4 the aggrieved person resides or has a principal place of business, or, if the aggrieved
5 person resides or has a principal place of business in Baltimore City, to the Circuit Court
6 for Baltimore City.

7 12-708.

8 (a) The [Bank] Commissioner, not more often than once per year, may impose
9 annual assessments on each financial institution supervised and examined by the [Bank]
10 Commissioner under this subtitle, to cover the expense of supervising and examining that
11 financial institution.

12 (b) (1) The [Bank] Commissioner may assess each financial institution the sum
13 of:

14 (i) \$1,000; plus

15 (ii) 8 cents for each \$1,000 of the assets of the financial institution over
16 \$1,000,000.

17 (2) The assessments shall be based on assets stated in the financial
18 institution's most recent financial report.

19 (c) The financial institution shall pay any assessment imposed under this section
20 to the [Bank] Commissioner on or before the February 1 after it is imposed.

21 12-709.

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

24 12-802.

25 (a) In this subtitle the following words have the meanings indicated.

26 ~~(b) "COMMISSIONER" MEANS COMMISSIONER OF FINANCIAL~~
27 ~~REGULATION.~~

28 ~~(c)~~ (b) "Currency" means currency and coin of the United States or any other
29 country.

30 ~~(c)~~ ~~(d)~~ "Department" means the Department of Labor, Licensing, and
31 Regulation.

32 ~~(d)~~ ~~(e)~~ (1) "Financial institution" means:

33 ~~(1)~~ (I) A national banking association;

34 ~~(2)~~ (II) A State banking institution;

35 ~~(3)~~ (III) A credit union that is organized under the laws of this State or of
36 the United States;

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1 ~~(4)~~ (IV) Any other organization that is organized under the banking laws of
2 the State and subject to the supervision of the [Bank] Commissioner;

3 ~~(5)~~ (V) A savings and loan association that is organized under the laws of
4 the State or of the United States; or

5 ~~(6)~~ (VI) Persons engaged in the business of cashing checks for a fee unless
6 performed incidental to the sale of goods or services.

7 (2) "FINANCIAL INSTITUTION" DOES NOT INCLUDE ANY PERSON
8 LICENSED BY THE COMMISSIONER UNDER TITLE 11 OF THIS ARTICLE.

9 ~~{(e)}~~ ~~(F)~~ "Person" means an individual, partnership, firm, trust, estate,
10 association, corporation, or other entity.

11 ~~{(f)}~~ ~~(G)~~ "Secretary" means the Secretary of Labor, Licensing, and Regulation.

12 ~~{(g)}~~ ~~(H)~~ "Transaction" includes the deposit, withdrawal, transfer, bailment, loan,
13 pledge payment or exchange of currency by, through or to the financial institution.

14 **Article - State Finance and Procurement**

15 6-209.

16 (c) (1) A custodian shall hold the collateral under this section for the benefit of
17 the State.

18 (2) A financial institution may use as a custodian:

19 (i) any banking institution that is approved by the [Bank]
20 Commissioner OF FINANCIAL REGULATION to conduct commercial banking
21 business in the State;

22 (ii) a federal reserve bank; or

23 (iii) any national banking association that is approved by the
24 Comptroller of the Currency to conduct banking business in the State.

25 (3) A financial institution may not be approved as custodian for the
26 collateral of a depository unless the assets of the financial institution equal or exceed
27 200% of the value of the collateral to be held for the depository.

28 6-210.

29 (a) (3) Each banking institution that is a depository for State money shall
30 submit to the [Bank] Commissioner OF FINANCIAL REGULATION each report for which
31 the Commissioner asks.

32 **Article - State Government**

33 8-403.

34 (b) Except as otherwise provided in subsection (e) of this section, on or before
35 July 1, 1991, an evaluation shall be made of the following governmental activities or units
36 and the statutes and regulations that relate to the governmental activities or units:

90

1 (1) [Office of the Bank Commissioner (§ 2-101 of the Financial Institutions
2 Article);

3 (2)] Banking Board (§ 2-201 of the Financial Institutions Article);

4 [(3)] (2) State Board of Chiropractic Examiners (§ 3-201 of the Health
5 Occupations Article);

6 [(4)] (3) State Collection Agency Licensing Board (§ 7-201 of the Business
7 Regulation Article);

8 [(5)] (4) Office of the Commissioner of [Consumer Credit] FINANCIAL
9 REGULATION (§ 11-102 of the Financial Institutions Article);

10 [(6)] (5) State Board of Morticians (§ 7-201 of the Health Occupations
11 Article);

12 [(7)] (6) State Board of Physical Therapy Examiners (§ 13-201 of the
13 Health Occupations Article);

14 [(8)] (7) State Board of Podiatric Medical Examiners (§ 16-201 of the
15 Health Occupations Article);

16 [(9)] (8) State Real Estate Commission (§ 17-201 of the Business
17 Occupations and Professions Article);

18 [(10)] (9) Real Estate Hearing Board (§ 17-325 of the Business Occupations
19 and Professions Article);

20 [(11)] (10) Division of Savings and Loan Associations (§ 8-301 of the
21 Financial Institutions Article); and

22 [(12)] (11) School Health Pilot Program (§ 7-413 of the Education Article).

23 **Article - Transportation**

24 13-623.

25 (a) In this section, "financial institution" means:

26 (1) Any bank that is authorized to do business in this State; and

27 (2) Any other financial institution that is licensed to do business in this
28 State by the [Bank] Commissioner OF FINANCIAL REGULATION [or the
29 Commissioner of Consumer Credit].

30 **Article 88B - Department of State Police**

31 35.

32 The administration of the retirement and pension system, established by this
33 subtitle, is hereby vested in the Secretary, who shall keep separate records and accounts
34 and report his receipts and disbursements hereunder in the same manner as is provided in
35 this article for other receipts and disbursements of his Department. The Secretary shall
36 receive no additional compensation for these duties, but shall be reimbursed for all

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1 necessary expenses which he may sustain through his service in administering this subtitle;
 2 and all claims for reimbursement shall be subject to the approval of the Legislative
 3 Auditor. And there shall be no additional paid employees engaged for the administration
 4 of this subtitle. The Secretary shall have the power and authority to make all reasonable
 5 rules and regulations for the administration of the retirement and pension system; and
 6 shall have the power and authority to hold and invest all funds accruing to the pension
 7 fund for the benefit of the said fund; provided, however, that no investment or
 8 reinvestment of said fund shall be made without the advice and approval of a board
 9 consisting of the [State Bank Commissioner] COMMISSIONER OF FINANCIAL
 10 REGULATION and two persons to be appointed by the Secretary who shall be officers
 11 of a bank or trust company located and doing business in Maryland. The chief actuary of
 12 the State Insurance Commissioner's office shall be the technical adviser of the Secretary,
 13 in the administration of this fund, on all actuarial questions. The Secretary shall be
 14 authorized to set aside annually an amount sufficient to defray the annual cost of the
 15 pension together with at least \$1,000 toward the necessary reserve, plus interest at the
 16 rate of 4% per annum upon that portion of the pension fund reserve remaining unpaid.
 17 This reserve shall be that amount necessary to cover the accrued liability existing at the
 18 time of the establishment of the pension fund, by reason of the services rendered by the
 19 present members of the Department, prior to such date of establishment. This pension
 20 fund reserve shall be that amount shown to be necessary for the proper operation of the
 21 system, by accepted actuarial standards. The Secretary shall also retain biennially all
 22 unexpended funds in the budget item of the Department, designated therein
 23 compensation insurance and pension fund, for the purpose of establishing the above
 24 mentioned reserve, until such reserve is complete. Every person who knowingly and
 25 wilfully in anywise procures the making or presentation of any false or fraudulent affidavit
 26 or affirmation concerning any claim for a share of payment thereof shall in every case
 27 forfeit a sum not exceeding \$200 to be sued for and recovered by and in the name of the
 28 Secretary; and when recovered to be paid over to, and thereupon becoming a part of the
 29 fund here provided. Any person who shall wilfully swear falsely in any oath or affirmation
 30 in obtaining or procuring any share or payment thereof under the provisions of this
 31 subtitle shall be guilty of perjury.

32 SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 5-901(i)
 33 through (r); 5-1101(e) through (h); 11-201(c) through (f); 11-401(f) through (n); and
 34 11-501(d) through (n), respectively, of Article - Financial Institutions of the Annotated
 35 Code of Maryland be renumbered to be Section(s) 5-901(h) through (q); 5-1101(d)
 36 through (g); 11-201(b) through (e); 11-401(e) through (m); and 11-501(c) through (m),
 37 respectively.

38 ~~SECTION 2.~~ 4. AND BE IT FURTHER ENACTED, That the Commissioner of
 39 Financial Regulation is the successor to the State Bank Commissioner and the
 40 Commissioner of Consumer Credit, as provided in this Act. In every law, executive order,
 41 rule, regulation, policy or document created by any official, employee or unit of this State,
 42 the names and titles of those officials means the name and title of the successor official,
 43 as provided in this Act.

44 ~~SECTION 3.~~ 5. AND BE IT FURTHER ENACTED, That all employees of the
 45 offices of State Bank Commissioner and Commissioner of Consumer credit shall be
 46 transferred to the Office of Commissioner of Financial Regulation on the effective date

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1 of this Act without any diminution of their rights, benefits, or employment status,
2 including, if any, merit system and retirement status.

3 SECTION 4- ~~6~~. 6. AND BE IT FURTHER ENACTED, That, except as otherwise
4 expressly provided in this Act, nothing in this Act affects the term of office of an
5 appointed member of any board or commission, and a person who is a member of such a
6 unit on the effective date of this Act shall remain a member of that board or commission,
7 as the case may be.

8 SECTION 5- ~~7~~. 7. AND BE IT FURTHER ENACTED, That, except as expressly
9 provided to the contrary in this Act, any transaction affected by or flowing from any
10 statute here amended, repealed, or transferred and validly entered into before the
11 effective date of this Act, and every right, duty or interest flowing from it remains valid
12 after the effective date of this Act and may be terminated, completed, consummated, or
13 enforced pursuant to law.

14 SECTION 6- ~~8~~. 8. AND BE IT FURTHER ENACTED, That, except as otherwise
15 provided in this Act, all charters, permits, and licenses, applications for charters, permits,
16 and licenses, rules and regulations, proposed rules and regulations, standards and
17 guidelines, orders and other directives, forms, plans, memberships, special funds,
18 appropriations, grants, applications for grants, contracts, property, investigations,
19 administrative and judicial proceedings, rights to sue and be sued, and all other duties
20 and responsibilities associated with the functions transferred by this Act shall continue in
21 effect under the Commissioner of Financial Regulation, until completed, withdrawn,
22 canceled, modified, or otherwise changed pursuant to law.

23 SECTION 7- ~~9~~. 9. AND BE IT FURTHER ENACTED, That if any provision of this
24 Act or the application thereof to any person or circumstance is held invalid for any reason
25 in a court of competent jurisdiction, the invalidity does not affect other provisions or any
26 other application of this Act which can be given effect without the invalid provision or
27 application, and for this purpose the provisions of this Act are declared severable.

28 SECTION 8- ~~10~~. 10. AND BE IT FURTHER ENACTED, That:

29 (a) The publishers of the Annotated Code of Maryland, subject to the approval of
30 the Department of Legislative Reference, shall propose the correction of any agency
31 names and titles throughout the Code that are rendered incorrect by this Act.

32 (b) The Department of Legislative Reference, in conjunction with the publishers
33 of the Annotated Code of Maryland, shall revise the Code, if necessary, to conform it to
34 the transfer of the offices of State Bank Commissioner and Commissioner of Consumer
35 Credit to the office of Commissioner of Financial Regulation, and this statutory revision
36 shall be ratified by passage of the Annual Corrective Bill of 1997.

37 SECTION 9- ~~11~~. 11. AND BE IT FURTHER ENACTED, That this Act shall take
38 effect July 1, 1996.

