

HOUSE BILL 952

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II  
HB 1147/98 - CGM

1999 Regular Session  
9r0779

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By: **Delegates Bobo, R. Baker, Benson, Bronrott, DeCarlo, Dypski, Grosfeld,  
A. Jones, Kagan, Mandel, Marriott, Menes, Montague, Moe,  
Pendergrass, Pitkin, Riley, Rosso, Swain, and Valderrama**

Introduced and read first time: February 12, 1999  
Assigned to: Commerce and Government Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Banking Institutions - Basic Banking Accounts**

3 FOR the purpose of requiring certain banking institutions to make low cost banking  
4 services available to consumers by offering a basic banking account; establishing  
5 the rules, terms, conditions, and fees of the account; authorizing a banking  
6 institution to require certain information from account holders; authorizing a  
7 banking institution to require account holders to comply with certain rules;  
8 requiring a banking institution to make certain disclosures to an account holder;  
9 requiring a banking institution to obtain the signature of an account holder  
10 acknowledging receipt of certain disclosures; authorizing a banking institution  
11 to request approval of the Bank Commissioner to offer an alternative account in  
12 lieu of offering a basic banking account or basic share draft account under  
13 certain conditions; requiring a banking institution requesting approval to offer  
14 an alternative account to submit certain information to the Bank Commissioner;  
15 requiring the Bank Commissioner to consider certain issues when deciding to  
16 approve or deny an application to offer an alternative account; defining certain  
17 terms; and generally relating to the establishment and operation of basic  
18 banking accounts by certain banking institutions.

19 BY adding to

20 Article - Financial Institutions  
21 Section 12-901 through 12-906, inclusive, to be under the new subtitle "Subtitle  
22 9. Basic Banking Accounts"  
23 Annotated Code of Maryland  
24 (1998 Replacement Volume and 1998 Supplement)

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

1 **Article - Financial Institutions**

## 2 SUBTITLE 9. BASIC BANKING ACCOUNTS.

3 12-901.

4 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
5 INDICATED.6 (B) "ACCOUNT HOLDER" MEANS AN INDIVIDUAL WHO HOLDS A BASIC  
7 BANKING ACCOUNT OR BASIC SHARE DRAFT ACCOUNT.

8 (C) "BANKING INSTITUTION" MEANS:

9 (1) A FOREIGN BANK;

10 (2) AN OUT-OF-STATE BANK;

11 (3) A CREDIT UNION FORMED UNDER TITLE 6 OF THIS ARTICLE;

12 (4) A SAVINGS AND LOAN ASSOCIATION FORMED UNDER TITLE 9 OF THIS  
13 ARTICLE;

14 (5) A COMMERCIAL BANK FORMED UNDER TITLE 3 OF THIS ARTICLE; OR

15 (6) A SAVINGS BANK FORMED UNDER TITLE 4 OF THIS ARTICLE.

16 (D) "CONSUMER TRANSACTION ACCOUNT" MEANS:

17 (1) A DEMAND DEPOSIT ACCOUNT;

18 (2) A NEGOTIABLE ORDER OF WITHDRAWAL ACCOUNT;

19 (3) A SHARE DRAFT ACCOUNT; OR

20 (4) AN ACCOUNT USED PRIMARILY FOR PERSONAL, FAMILY, OR  
21 HOUSEHOLD PURPOSES.22 (E) "PERIODIC CYCLE" MEANS THE PERIOD COVERED BY THE INSTITUTION'S  
23 REGULAR CONSUMER TRANSACTION ACCOUNT STATEMENT.24 (F) "WITHDRAWAL TRANSACTION" MEANS A WITHDRAWAL FROM A  
25 CONSUMER TRANSACTION ACCOUNT BY MEANS OF:

26 (1) A WITHDRAWAL SLIP;

27 (2) A CHECK;

28 (3) A NEGOTIABLE ORDER OR DRAFT; OR

29 (4) AN AUTOMATED TELLER MACHINE.

1 12-902.

2 THIS SUBTITLE APPLIES ONLY TO A BANKING INSTITUTION THAT OFFERS A  
3 CONSUMER TRANSACTION ACCOUNT TO THE GENERAL PUBLIC, OR IN THE CASE OF A  
4 CREDIT UNION, TO ITS MEMBERS.

5 12-903.

6 (A) A BANKING INSTITUTION SHALL OFFER A BASIC BANKING ACCOUNT OR,  
7 IN THE CASE OF A CREDIT UNION, A BASIC SHARE DRAFT ACCOUNT THAT IS SUBJECT  
8 TO THE FOLLOWING RULES, CONDITIONS, AND TERMS:

9 (1) THE INITIAL DEPOSIT AMOUNT REQUIRED TO OPEN THE ACCOUNT  
10 MAY NOT EXCEED \$25;

11 (2) THE BANKING INSTITUTION MAY NOT REQUIRE A MINIMUM  
12 AVERAGE BALANCE TO MAINTAIN THE ACCOUNT;

13 (3) THE PERIODIC CYCLE OF THE ACCOUNT IS FROM 28 TO 31 DAYS;

14 (4) THE BANKING INSTITUTION MAY NOT CHARGE MORE THAN \$3 PER  
15 PERIODIC CYCLE TO MAINTAIN THE ACCOUNT;

16 (5) AN ACCOUNT HOLDER MAY PERFORM A MINIMUM OF EIGHT  
17 WITHDRAWAL TRANSACTIONS DURING A PERIODIC CYCLE WITHOUT INCURRING AN  
18 ADDITIONAL CHARGE FOR WITHDRAWAL TRANSACTIONS;

19 (6) EXCEPT AS PROVIDED IN ITEM (7) OF THIS SUBSECTION, AN  
20 ACCOUNT HOLDER MAY MAKE UNLIMITED DEPOSITS TO THE ACCOUNT WITHOUT  
21 INCURRING AN ADDITIONAL CHARGE;

22 (7) THE BANKING INSTITUTION MAY CHARGE AN ACCOUNT HOLDER  
23 FOR TRANSACTIONS AT AUTOMATED TELLER MACHINES NOT OPERATED BY THE  
24 BANKING INSTITUTION AND OTHER FEES AND CHARGES FOR BANKING SERVICES  
25 NOT SPECIFICALLY PROVIDED FOR BY THIS SUBTITLE, PROVIDED THAT THE FEES  
26 AND CHARGES IMPOSED BY THE BANKING INSTITUTION DO NOT EXCEED THE  
27 AMOUNTS CHARGED BY THE BANKING INSTITUTION TO THE HOLDERS OF OTHER  
28 CONSUMER TRANSACTION ACCOUNTS IN THE BANKING INSTITUTION FOR SIMILAR  
29 TRANSACTIONS; AND

30 (8) EVERY STATEMENT ISSUED TO AN ACCOUNT HOLDER AT THE END  
31 OF A PERIODIC CYCLE SHALL INCLUDE A CONSPICUOUS NOTICE STATING:

32 (I) THE MAXIMUM NUMBER OF WITHDRAWAL TRANSACTIONS AN  
33 ACCOUNT HOLDER MAY PERFORM DURING A PERIODIC CYCLE WITHOUT INCURRING  
34 AN ADDITIONAL CHARGE FOR WITHDRAWAL TRANSACTIONS;

35 (II) THE CONSEQUENCES AND ANY FEE CHARGED FOR EXCEEDING  
36 THE MAXIMUM STATED UNDER ITEM (I) OF THIS PARAGRAPH;

1 (III) THAT A WITHDRAWAL TRANSACTION IS CONSIDERED  
2 PERFORMED WHEN IT IS RECORDED ON THE BOOKS OF THE ACCOUNT HOLDER'S  
3 BANKING INSTITUTION; AND

4 (IV) THE FEE CHARGED, IF ANY, FOR A TRANSACTION PERFORMED  
5 BY AN ACCOUNT HOLDER AT AN AUTOMATED TELLER MACHINE NOT OPERATED BY  
6 THE BANKING INSTITUTION.

7 (B) THE BASIC BANKING ACCOUNT OR BASIC SHARE DRAFT ACCOUNT IS  
8 SUBJECT TO THE RULES, CONDITIONS, AND TERMS OF OTHER CONSUMER  
9 TRANSACTION ACCOUNTS OFFERED BY THE BANKING INSTITUTION EXCEPT AS  
10 PROVIDED IN THIS SUBTITLE.

11 (C) FOR THE PURPOSES OF SUBSECTION (A)(5) OF THIS SECTION, A  
12 WITHDRAWAL TRANSACTION IS CONSIDERED PERFORMED WHEN IT IS RECORDED  
13 ON THE BOOKS OF THE ACCOUNT HOLDER'S BANKING INSTITUTION.

14 12-904.

15 (A) AS A CONDITION FOR OPENING OR MAINTAINING A BASIC BANKING  
16 ACCOUNT OR A BASIC SHARE DRAFT ACCOUNT, A BANKING INSTITUTION MAY  
17 REQUIRE AN APPLICANT FOR AN ACCOUNT OR AN ACCOUNT HOLDER:

18 (1) TO BE A RESIDENT OF THE STATE;

19 (2) TO PROVIDE THE SAME INFORMATION REQUIRED OF APPLICANTS  
20 FOR OR HOLDERS OF OTHER CONSUMER TRANSACTION ACCOUNTS AT THE BANKING  
21 INSTITUTION;

22 (3) TO ARRANGE FOR DIRECT DEPOSIT TO THE BANKING INSTITUTION,  
23 IF DIRECT DEPOSIT IS AVAILABLE TO THE APPLICANT OR ACCOUNT HOLDER, OF  
24 RECURRING PAYMENTS, INCLUDING:

25 (I) SOCIAL SECURITY PAYMENTS;

26 (II) WAGES OR SALARY;

27 (III) PENSION PAYMENTS; OR

28 (IV) OTHER RECURRING PAYMENTS THE BANKING INSTITUTION  
29 CONSIDERS APPROPRIATE; AND

30 (4) EXCEPT AS PROVIDED IN SUBSECTIONS (B) AND (C) OF THIS SECTION,  
31 TO NOT MAINTAIN ANOTHER CONSUMER TRANSACTION ACCOUNT.

32 (B) AN ACCOUNT HOLDER MAY HOLD ANOTHER CONSUMER TRANSACTION  
33 ACCOUNT FOR UP TO 60 DAYS AFTER THE DATE A BASIC BANKING ACCOUNT OR  
34 BASIC SHARE DRAFT ACCOUNT IS OPENED.

35 (C) SUBSECTION (A)(4) OF THIS SECTION DOES NOT APPLY TO AN ACCOUNT  
36 IDENTIFIED AS A BURIAL FUND ACCOUNT.

1 12-905.

2 (A) BEFORE OPENING A BASIC BANKING ACCOUNT OR BASIC SHARE DRAFT  
3 ACCOUNT, A BANKING INSTITUTION SHALL PROVIDE THE ACCOUNT HOLDER WITH:

4 (1) A WRITTEN DISCLOSURE THAT STATES:

5 (I) THE INITIAL DEPOSIT AMOUNT REQUIRED TO OPEN THE  
6 ACCOUNT;

7 (II) THAT THERE IS NO MINIMUM BALANCE REQUIRED TO  
8 MAINTAIN THE ACCOUNT;

9 (III) THE LENGTH OF THE PERIODIC CYCLE;

10 (IV) THE CHARGE PER PERIODIC CYCLE FOR MAINTAINING THE  
11 ACCOUNT;

12 (V) THE MAXIMUM NUMBER OF WITHDRAWAL TRANSACTIONS AN  
13 ACCOUNT HOLDER MAY PERFORM DURING A PERIODIC CYCLE WITHOUT INCURRING  
14 AN ADDITIONAL CHARGE FOR WITHDRAWAL TRANSACTIONS;

15 (VI) THAT A WITHDRAWAL TRANSACTION IS CONSIDERED  
16 PERFORMED WHEN IT IS RECORDED ON THE BOOKS OF THE ACCOUNT HOLDER'S  
17 BANKING INSTITUTION, AND NOT NECESSARILY THE DATE THE ACCOUNT HOLDER  
18 PERFORMED THE TRANSACTION;

19 (VII) THAT THE ACCOUNT HOLDER MAY MAKE AN UNLIMITED  
20 NUMBER OF DEPOSITS WITHOUT INCURRING AN ADDITIONAL CHARGE;

21 (VIII) THE FEE CHARGED, IF ANY, FOR A TRANSACTION PERFORMED  
22 BY AN ACCOUNT HOLDER AT AN AUTOMATED TELLER MACHINE NOT OPERATED BY  
23 THE BANKING INSTITUTION;

24 (IX) OTHER FEES AND CHARGES THAT MAY BE IMPOSED ON THE  
25 ACCOUNT HOLDER INCLUDING CHARGES FOR DISHONORED ITEMS, CERTIFICATION  
26 OF CHECKS, AND PRINTING OF CHECKS; AND

27 (X) OTHER DISCLOSURES CUSTOMARILY MADE IN CONNECTION  
28 WITH THE OPENING OF OTHER CONSUMER TRANSACTION ACCOUNTS BY THE  
29 BANKING INSTITUTION; AND

30 (2) ON A SEPARATE SHEET OF PAPER, A COPY OF THE FOLLOWING  
31 NOTICE AND ACKNOWLEDGMENT TO BE SIGNED BY THE ACCOUNT HOLDER:

32 "NOTICE AND ACKNOWLEDGMENT

33 I UNDERSTAND THAT I MAY MAKE ONLY \_\_\_\_ (NUMBER) WITHDRAWALS  
34 DURING EACH PERIODIC CYCLE OF \_\_\_\_ (NUMBER) DAYS WITHOUT INCURRING  
35 ADDITIONAL SERVICE CHARGES AND THAT OTHER FEES SUCH AS "BOUNCED CHECK"

1 FEES, "STOP PAYMENT" FEES, OR FEES FOR USING ELECTRONIC FACILITIES NOT  
2 OPERATED BY MY BANKING INSTITUTION MAY ALSO BE CHARGED TO MY ACCOUNT,  
3 AS APPLICABLE."

4 (B) A COPY OF THE SIGNED NOTICE AND ACKNOWLEDGMENT REQUIRED  
5 UNDER SUBSECTION (A)(2) OF THIS SECTION SHALL BE:

6 (1) GIVEN TO THE ACCOUNT HOLDER; AND

7 (2) MAINTAINED BY THE BANKING INSTITUTION FOR A MINIMUM OF 3  
8 YEARS.

9 12-906.

10 (A) IF A BANKING INSTITUTION DETERMINES THAT THE CHARGES IT IS  
11 AUTHORIZED TO IMPOSE ON THE HOLDER OF A BASIC BANKING ACCOUNT OR A  
12 BASIC SHARE DRAFT ACCOUNT ARE LESS THAN THE ACTUAL COST TO THE BANKING  
13 INSTITUTION OF PROVIDING A BASIC BANKING ACCOUNT OR BASIC SHARE DRAFT  
14 ACCOUNT, THE BANKING INSTITUTION MAY SUBMIT AN APPLICATION TO THE BANK  
15 COMMISSIONER FOR APPROVAL TO OFFER AN ALTERNATIVE ACCOUNT.

16 (B) AN APPLICATION FOR APPROVAL OF AN ALTERNATIVE ACCOUNT SHALL  
17 INCLUDE A COMPLETE DESCRIPTION OF THE ALTERNATIVE ACCOUNT, INCLUDING,  
18 AS APPLICABLE, AT LEAST THE FOLLOWING INFORMATION:

19 (1) THE INITIAL DEPOSIT AMOUNT NECESSARY TO OPEN THE ACCOUNT;

20 (2) THE MINIMUM BALANCE REQUIRED TO MAINTAIN THE ACCOUNT;

21 (3) THE AVERAGE DAILY BALANCE REQUIRED TO MAINTAIN THE  
22 ACCOUNT;

23 (4) THE LENGTH OF THE PERIODIC CYCLE TO WHICH THE ACCOUNT IS  
24 SUBJECT;

25 (5) THE CHARGE PER PERIODIC CYCLE TO MAINTAIN THE ACCOUNT;

26 (6) THE NUMBER OF WITHDRAWAL TRANSACTIONS THE HOLDER OF THE  
27 ACCOUNT MAY MAKE DURING A PERIODIC CYCLE WITHOUT INCURRING AN  
28 ADDITIONAL CHARGE;

29 (7) THE PER TRANSACTION CHARGE PER PERIODIC CYCLE FOR  
30 WITHDRAWAL TRANSACTIONS IN EXCESS OF THE NUMBER SET IN ITEM (6) OF THIS  
31 SUBSECTION;

32 (8) ANY OTHER FEES WHICH MAY BE CHARGED TO THE HOLDER OF THE  
33 ACCOUNT;

34 (9) ANY OTHER INFORMATION AND DOCUMENTATION REQUIRED BY  
35 THE BANK COMMISSIONER;

1 (10) DATA ON THE ACTUAL COST TO THE BANKING INSTITUTION OF  
2 PROVIDING THE BASIC BANKING ACCOUNT OR BASIC SHARE DRAFT ACCOUNT; AND

3 (11) A DESCRIPTION OF THE METHODOLOGY USED BY THE BANKING  
4 INSTITUTION TO OBTAIN THE DATA REQUIRED UNDER ITEM (10) OF THIS  
5 SUBSECTION.

6 (C) IN REVIEWING AN APPLICATION FOR APPROVAL OF AN ALTERNATIVE  
7 ACCOUNT, THE BANK COMMISSIONER SHALL CONSIDER:

8 (1) WHETHER THE ACTUAL COST TO THE BANKING INSTITUTION OF  
9 PROVIDING A BASIC BANKING ACCOUNT OR BASIC SHARE DRAFT ACCOUNT IS  
10 CUSTOMARY AND REASONABLE GIVEN THE SIZE AND LOCATION OF THE BANKING  
11 INSTITUTION; AND

12 (2) WHETHER THE METHODOLOGY USED TO DETERMINE THE ACTUAL  
13 COST TO THE BANKING INSTITUTION IS INDEPENDENTLY VERIFIABLE.

14 (D) IN DETERMINING WHETHER TO APPROVE AN ALTERNATIVE ACCOUNT,  
15 THE BANK COMMISSIONER SHALL CONSIDER:

16 (1) WHETHER THE RULES, CONDITIONS, AND TERMS OF THE ACCOUNT  
17 PROVIDE LEVELS OF SERVICE AND REQUIRE CHARGES TO THE HOLDER THAT ARE AT  
18 LEAST AS ADVANTAGEOUS AS THE RULES, CONDITIONS, AND TERMS OF A BASIC  
19 BANKING ACCOUNT OR BASIC SHARE DRAFT ACCOUNT; AND

20 (2) WHETHER THE ACCOUNT WILL MAKE LOW COST BANKING SERVICES  
21 AVAILABLE TO THE CONSUMER.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
23 October 1, 1999.