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1999 Regular Session (9lr0674)

ENROLLED BILL

-- Finance/Commerce and Government Matters --

Introduced by The President (Task Force to Study Bank Charter **Modernization**)

	Read and Examined by Proofreaders:	
		Proofreader.
Sealed	d with the Great Seal and presented to the Governor, for his approval this day of at o'clock,M.	Proofreader.
		President.
	CHAPTER	
1 A	N ACT concerning	
2 3	Financial Institutions - Bank Charter Modernization and Other Banking Law Reforms	
4 F0 5 6 7 8 9 10 11	OR the purpose of consolidating certain laws relating to real estate appraisal policies; repealing the requirement that commercial banks file a list of stockholders with the Commissioner of Financial Regulation; allowing banking institution directors to serve staggered terms; repealing the requirement that a copy of a trust company's common trust plan be filed with the Commissioner; repealing certain obsolete requirements relating to bills payable that limit the borrowing authority and flexibility of State-chartered banks in comparison to national banks; altering requirements regarding the filing of a copy of a bank's	
12 13 14 15 16	Community Reinvestment Act statement with the Commissioner; altering provisions relating to the amount of real property and furnishings that a banking institution may buy and hold, relative to paid-in capital and surplus; expanding the scope of the provisions of law relating to authorized additional banking activities and bank-related services to allow the Commissioner greater	

- power and flexibility to approve, for State-chartered banks, any activities that
- are allowed for national banks; and generally relating to modifications of State
- 3 laws relating to bank charters and the powers, duties, and responsibilities of
- 4 bank regulators and officials.
- 5 BY repealing
- 6 Article Financial Institutions
- 7 Section 3-313, 3-405, 3-406, 3-603, 4-505, and 4-506
- 8 Annotated Code of Maryland
- 9 (1998 Replacement Volume and 1998 Supplement)
- 10 BY adding to
- 11 Article Financial Institutions
- 12 Section 1-208, 3-405, and 4-505
- 13 Annotated Code of Maryland
- 14 (1998 Replacement Volume and 1998 Supplement)
- 15 BY repealing and reenacting, with amendments,
- 16 Article Financial Institutions
- 17 Section 2-110, 3-508, 5-206.1, 5-503, and 5-504
- 18 Annotated Code of Maryland
- 19 (1998 Replacement Volume and 1998 Supplement)
- 20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 21 MARYLAND, That the Laws of Maryland read as follows:
- 22 Article Financial Institutions
- 23 1-208.
- 24 (A) THE DIRECTORS AND OFFICERS OF A FINANCIAL INSTITUTION SHALL
- 25 DEVELOP AND IMPLEMENT WRITTEN:
- 26 (1) POLICIES GOVERNING REAL ESTATE APPRAISAL; AND
- 27 (2) PROCEDURES GOVERNING THE HIRING AND PERFORMANCE OF REAL
- 28 ESTATE APPRAISERS.
- 29 (B) THE PROCEDURES REQUIRED UNDER SUBSECTION (A)(2) OF THIS SECTION
- 30 SHALL SET FORTH SPECIFIC FACTORS TO BE CONSIDERED BY THE FINANCIAL
- 31 INSTITUTION'S DIRECTORS AND OFFICERS, INCLUDING:
- 32 (1) WHETHER THE APPRAISER IS LICENSED OR CERTIFIED UNDER THE
- 33 BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE; AND
- 34 (2) THE REAL ESTATE APPRAISER'S:

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1			(I)	PROFESSIONAL EDUCATION; AND			
2			(II)	EXPERIENCE IN REAL ESTATE APPRAISING.			
	(C) PRIOR TO IMPLEMENTATION, A FINANCIAL INSTITUTION SHALL SUBMIT ITS REAL ESTATE APPRAISAL POLICIES AND PROCEDURES TO THE COMMISSIONER FOR REVIEW AND APPROVAL.						
6	2-110.						
7 8	(a) their duties.	The Cor	Commissioner and Deputy Commissioner shall devote full time to				
9	(b)	The Cor	nmission	er and Deputy Commissioner may not:			
10 11	banking ass	(1) ociation,		ficer or director of any State banking institution or national entity engaged in the business of making loans; or			
12 13		(2) Engage in any other business relating to banks and financial stitutions or lending.					
14 15	[(c) Directors and officers of financial institutions shall develop and implement, by December 31, 1989, written:						
16		(1)	Real est	ate appraisal policies; and			
17 18	appraisers.	(2)	Procedu	res pertaining to the hiring and performance of real estate			
	(d) The procedures required under subsection (c)(2) of this section shall set forth specific factors to be considered by the financial institution's directors and officers, including but not limited to:						
22 23	Occupations	(1) s and Pro		the appraiser is licensed or certified under the Business Article; and			
24		(2)	The real	estate appraiser's:			
25			(i)	Professional education; and			
26			(ii)	Experience in real estate appraising.			
27 28	Real estate appraisal policies and procedures shall be submitted by the financial institutions to the Commissioner for review and approval.						
29	[3-313.						
30 31	(a) stockholder		mmercial	bank shall report to the Commissioner on its			
32		(1)	At least	once a year, at the time that the Commissioner specifies; and			

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1 (2) At any other time that the Commissioner considers necessary. 2 (b) Each report made under this section shall: 3 List the names and residence addresses of the stockholders of the commercial bank and the amount of stock each holds; and 5 (2) Be signed and verified by an officer of the commercial bank.] 6 [3-405. The stockholders of a commercial bank shall elect directors at each annual 7 (a) 8 meeting of the stockholders. 9 If the election of the directors is not held at the annual meeting, an election 10 may be held at a later meeting called for that purpose. Notice of the later meeting 11 shall be given as the bylaws provide.] 12 3-405. UNTIL SUCCESSORS ARE ELECTED AND QUALIFY, THE BOARD OF 13 (A) 14 DIRECTORS OF A COMMERCIAL BANK CONSISTS OF THE INDIVIDUALS NAMED AS 15 DIRECTORS IN THE ARTICLES OF INCORPORATION. EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, AT 16 (B) (1) 17 EACH ANNUAL MEETING OF STOCKHOLDERS, THE STOCKHOLDERS SHALL ELECT 18 DIRECTORS TO HOLD OFFICE UNTIL THE EARLIER OF: THE NEXT ANNUAL MEETING OF STOCKHOLDERS AND UNTIL 19 (I) 20 THEIR SUCCESSORS ARE ELECTED AND QUALIFY; OR 21 THE TIME PROVIDED IN THE TERMS OF ANY CLASS OR SERIES (II)22 OF STOCK PURSUANT TO WHICH THE DIRECTORS ARE ELECTED. 23 SUBJECT TO SUBPARAGRAPHS (II) AND (III) OF THIS (2)(I) 24 PARAGRAPH, IF THE DIRECTORS ARE DIVIDED INTO CLASSES, THE TERM OF OFFICE 25 MAY BE PROVIDED IN THE BYLAWS. THE TERM OF OFFICE OF A DIRECTOR MAY NOT BE LONGER 26 (II) 27 THAN 5 YEARS OR, IN THE CASE OF AN INITIAL OR SUBSTITUTE DIRECTOR, SHORTER 28 THAN THE PERIOD BETWEEN ANNUAL MEETINGS. THE TERM OF OFFICE OF AT LEAST ONE CLASS OF DIRECTORS 29 (III)30 SHALL EXPIRE EACH YEAR. 31 [3-406. 32 A director of a commercial bank serves until the next annual meeting of the 33 stockholders and until a successor is elected and qualifies.]

32

1 3-508. 2 A copy of the fund plan and any amendments to it shall be filed[: (a) 3 (1) With the Commissioner, as a public record; and 4 At] AT the principal banking office of the trust company, where it (2) 5 shall be available during regular business hours for inspection by any cofiduciary or 6 person who has an interest in a participating account. 7 On a reasonable request, a copy of the fund plan shall be provided to any 8 cofiduciary or person who has an interest in a participating account. 9 [3-603. Unless the Commissioner gives written approval for an extension of time, a 11 commercial bank may not carry for more than 90 days a total of bills payable and 12 rediscounts that exceeds the unimpaired capital and surplus of the commercial 13 bank.] 14 [4-505. 15 The members of a savings bank or the stockholders of a subsidiary savings bank 16 shall elect directors at each annual meeting of the members.] 17 4-505. UNTIL SUCCESSORS ARE ELECTED AND QUALIFY, THE BOARD OF 18 (A) 19 DIRECTORS OF A SAVINGS BANK CONSISTS OF THE INDIVIDUALS NAMED AS 20 DIRECTORS IN THE ARTICLES OF INCORPORATION. 21 (B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, AT 22 EACH ANNUAL MEETING OF THE MEMBERS OF A SAVINGS BANK OR THE 23 STOCKHOLDERS OF A SUBSIDIARY SAVINGS BANK, THE MEMBERS OR 24 STOCKHOLDERS SHALL ELECT DIRECTORS TO HOLD OFFICE UNTIL THE NEXT 25 ANNUAL MEETING AND UNTIL THEIR SUCCESSORS ARE ELECTED AND QUALIFY. SUBJECT TO SUBPARAGRAPHS (II) AND (III) OF THIS 27 PARAGRAPH, IF THE DIRECTORS ARE DIVIDED INTO CLASSES, THE TERM OF OFFICE 28 MAY BE PROVIDED IN THE BYLAWS. THE TERM OF OFFICE OF A DIRECTOR MAY NOT BE LONGER 29 (II)

30 THAN 5 YEARS OR, IN THE CASE OF AN INITIAL OR SUBSTITUTE DIRECTOR, SHORTER

THE TERM OF OFFICE OF AT LEAST ONE CLASS OF DIRECTORS

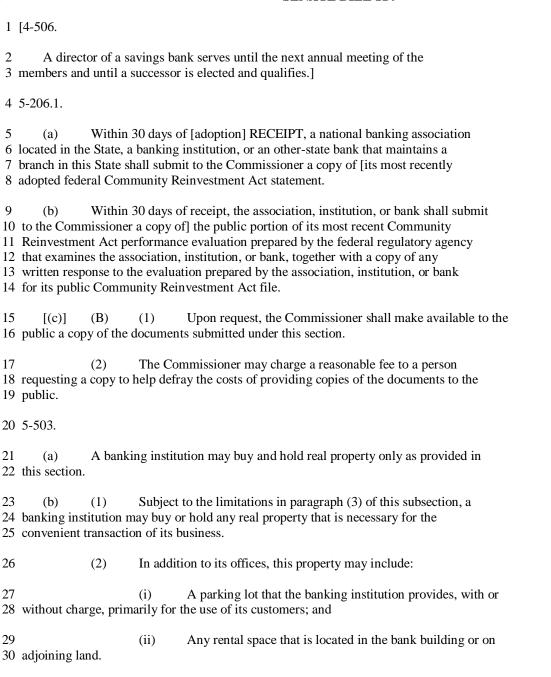
31 THAN THE PERIOD BETWEEN ANNUAL MEETINGS.

(III)

33 SHALL EXPIRE EACH YEAR.

31

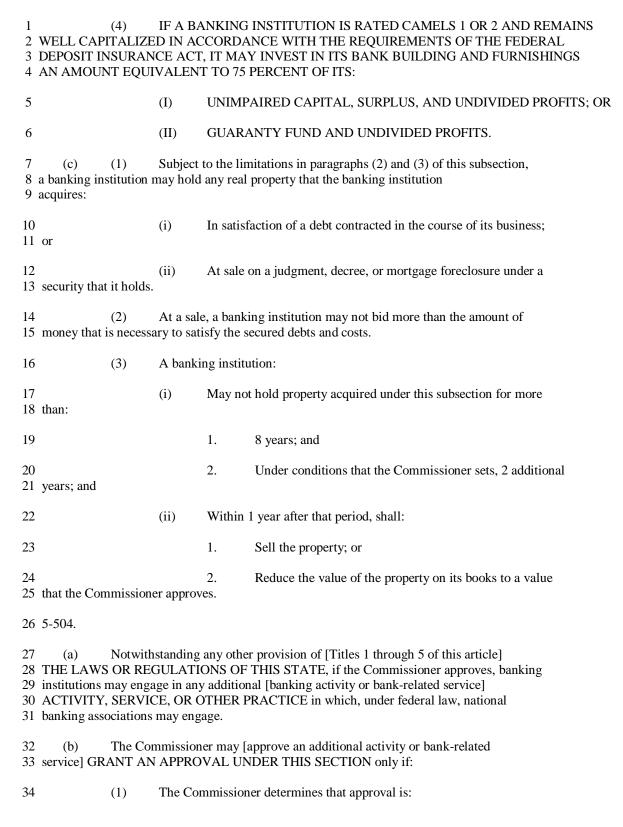
35 authorizes a greater amount].



32 A banking institution may not invest in its bank building and furnishings more than 33 an amount that equals 50 percent of its unimpaired capital and surplus or guaranty 34 fund [unless, under conditions that the Commissioner sets, the Commissioner

[A] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION,

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8 October 1, 1999.

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1	(i) Reasonably required to protect the welfare of the general economy of this State and of banking institutions; and OR
2	conomy of this State and of banking institutions, and on
3 4	(ii) Not detrimental to the public interest or to banking nstitutions; and
5 6	(2) The approval imposes the same conditions that federal law requires or permits as to national banking associations.
7	SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect