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By: **Delegate McIntosh (Co-Chairman, Task Force to Study the  
Modernization of Credit Union Law) and Delegate Brinkley**

Introduced and read first time: February 1, 2001  
Assigned to: Commerce and Government Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions - Credit Union Law Modernization and Other Credit**  
3 **Union Law Reforms**

4 FOR the purpose of requiring a State credit union to receive approval from the  
5 Commissioner of Financial Regulation before establishing an automated teller  
6 machine under certain circumstances; altering the tax exempt status of a State  
7 credit union; altering the field of membership limitations for a State credit  
8 union; altering the incorporation process for a State credit union; altering a  
9 certain "wildcard" provision under which a State credit union may engage in  
10 certain activities under certain circumstances; altering the process for amending  
11 the bylaws of a State credit union; providing for the removal of and filling of a  
12 vacancy in the office of a director of a State credit union under certain  
13 circumstances; providing for the qualifications and powers of a director emeritus  
14 of a State credit union; altering the duties of a board of directors of a State credit  
15 union; requiring the disclosure of the compensation and expenses paid to  
16 officials of a State credit union under certain circumstances; altering the  
17 qualifications and duties of a supervisory committee member of a State credit  
18 union; repealing a certain examination fee payable by a State credit union under  
19 certain circumstances; altering a certain fee for the failure of a State credit  
20 union to file a report with the Commissioner under certain circumstances;  
21 authorizing the Commissioner to enter into cooperative and information sharing  
22 agreements under certain circumstances; authorizing a State credit union to  
23 charge certain over the limit fees and fees for ancillary and administrative  
24 services under certain circumstances; altering the qualifications of a credit  
25 committee member of a State credit union; altering the terms of secured and  
26 nonsecured extensions of credit by a State credit union under certain  
27 circumstances; authorizing a State credit union to participate with a depository  
28 financial institution or a credit union service organization for purposes of  
29 making a loan to a member under certain circumstances; authorizing a State  
30 credit union to purchase certain obligations and loans under certain  
31 circumstances; altering the conditions under which a State credit union may  
32 make certain loans to an official or officer of the credit union; altering the  
33 investment authority of a State credit union; authorizing a State credit union to  
34 organize, invest in, and make loans to a credit union service organization under

1 certain circumstances; altering the authority of a State credit union to borrow  
2 for the purchase of fixed assets; authorizing a State credit union to close in an  
3 emergency without prior authorization from the Commissioner under certain  
4 circumstances; requiring a State credit union to notify the Commissioner if the  
5 credit union files an application with the Maryland Insurance Administration to  
6 purchase or make available insurance under certain circumstances; requiring a  
7 State credit union to keep certain books and records under certain  
8 circumstances; altering the process under which a State credit union may  
9 convert to a federal credit union; altering the process under which an other state  
10 credit union or a federal credit union may convert to a State credit union;  
11 altering the process under which credit unions may merge; authorizing credit  
12 unions to consolidate under certain circumstances; altering the process under  
13 which a State credit union may dissolve voluntarily or place itself in voluntary  
14 receivership for liquidation; imposing certain requirements for the  
15 establishment of a branch by a State credit union or an out-of-state credit  
16 union; authorizing a State credit union to require a certain notice of a member's  
17 intent to withdraw funds from the member's account; altering a certain  
18 prohibition concerning the use of the term "credit union"; prohibiting an officer,  
19 official, or employee of a State credit union from making false statements under  
20 certain circumstances; authorizing the Commissioner to enter into an  
21 agreement with a State credit union to take corrective action under certain  
22 circumstances; making stylistic changes; defining certain terms; altering the  
23 deposit insurance requirements for a State credit union after a certain date;  
24 stating the intent of the General Assembly as to the purpose of this Act; stating  
25 the intent of the General Assembly as to the continuation of and a certain report  
26 by the Task Force to Study the Modernization of Credit Union Law; making  
27 provisions of this Act severable; providing for the application of this Act to  
28 certain investments made prior to a certain date; providing for the status of a  
29 member or an eligible member of a credit union after a certain date under  
30 certain circumstances; providing for a delayed effective date for certain  
31 provisions of this Act; and generally relating to credit union law modernization  
32 and other credit union law reforms.

33 BY repealing and reenacting, with amendments,  
34 Article - Commercial Law  
35 Section 12-905  
36 Annotated Code of Maryland  
37 (2000 Replacement Volume and 2000 Supplement)

38 BY repealing and reenacting, with amendments,  
39 Article - Financial Institutions  
40 Section 1-403; 6-101 through 6-103 to be under the amended subtitle "Subtitle  
41 2. General Provisions"; 6-104 to be under the new subtitle "Subtitle 9.  
42 Prohibited Activities; Penalties"; 6-201 through 6-205, 6-207 through  
43 6-211.1 and 6-212 through 6-216, inclusive, 6-219 through 6-223,  
44 inclusive, to be under the amended subtitle "Subtitle 3. Formation,  
45 Organization, and Powers"; 6-301 through 6-307, 6-307.1, 6-307.2,

1 6-307.3, 6-308, 6-309, and 6-310, inclusive, to be under the amended  
2 subtitle "Subtitle 4. Examinations and Reports"; 6-401, 6-402, and 6-404  
3 to be under the amended subtitle "Subtitle 5. Deposits and Dividends";  
4 6-501 through 6-506, inclusive, 6-509, and 6-511 to be under the  
5 amended subtitle "Subtitle 6. Loans"; 6-601 through 6-608, inclusive, to be  
6 under the amended subtitle "Subtitle 7. Miscellaneous Regulations"; and  
7 6-701, 6-701.1, and 6-702 through 6-704, inclusive, to be under the  
8 amended subtitle "Subtitle 8. Extraordinary Actions"  
9 Annotated Code of Maryland  
10 (1998 Replacement Volume and 2000 Supplement)

11 BY adding to

12 Article - Financial Institutions  
13 Section 6-101 to be under the new subtitle "Subtitle 1. Definitions", 6-204  
14 through 6-206, inclusive, 6-303, 6-304, 6-309, 6-326, 6-327, 6-333,  
15 6-607 through 6-609, inclusive, 6-702, 6-704, 6-706, 6-707, 6-713  
16 through 6-715, inclusive, 6-806 through 6-809, inclusive, 6-903, 6-904,  
17 and the various parts  
18 Annotated Code of Maryland  
19 (1998 Replacement Volume and 2000 Supplement)

20 BY repealing

21 Article - Financial Institutions  
22 Section 6-206, 6-217, 6-218, 6-403, 6-507, and 6-510  
23 Annotated Code of Maryland  
24 (1998 Replacement Volume and 2000 Supplement)

25 BY repealing and reenacting, with amendments,

26 Article - Financial Institutions  
27 Section 6-101(f) and 6-701  
28 Annotated Code of Maryland  
29 (1998 Replacement Volume and 2000 Supplement)  
30 (As enacted by Section 1 of this Act)

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

33 **Article - Commercial Law**

34 12-905.

35 (a) With respect to an unsecured open end credit plan, fees or charges may not  
36 be imposed on a consumer borrower in addition to interest or finance charges as  
37 permitted by this subtitle, except as follows:

1 (1) If the plan is offered by a seller of goods or services, or both, and may  
2 be used only for the purchase or lease of the seller's goods and services, the seller may  
3 charge one of the following fees:

4 (i) An annual charge in any amount the agreement provides for the  
5 privileges made available to the consumer borrower under the plan;

6 (ii) A transaction charge or charges in such amount or amounts as  
7 the agreement may provide for each separate purchase under the plan; or

8 (iii) A minimum charge for each scheduled billing period under the  
9 plan during any portion of which there is an outstanding unpaid indebtedness under  
10 the plan.

11 (2) If the plan is offered by any other credit grantor, the credit grantor  
12 may impose any or all of the following fees:

13 (i) An annual charge in any amount the agreement provides for the  
14 privileges made available to the consumer borrower under the plan;

15 (ii) A transaction charge or charges in such amount or amounts as  
16 the agreement may provide for each separate purchase or loan under the plan; and

17 (iii) A minimum charge for each scheduled billing period under the  
18 plan during any portion of which there is an outstanding unpaid indebtedness under  
19 the plan.

20 (3) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (2) OF THIS  
21 SUBSECTION, IF THE CREDIT AGREEMENT PROVIDES, A CREDIT UNION MAY MAKE  
22 LOANS OR EXTEND CREDIT TO ITS MEMBERS INCORPORATING THE SAME TERMS AND  
23 CONDITIONS AS A FEDERAL CREDIT UNION IS PERMITTED UNDER FEDERAL LAW AND  
24 REGULATIONS RELATING TO:

25 (I) AN OVER THE LIMIT FEE ASSESSED ON A CREDIT CARD  
26 ACCOUNT; AND

27 (II) FEES FOR ANCILLARY AND ADMINISTRATIVE SERVICES  
28 REQUESTED BY THE MEMBER, INCLUDING:

29 1. RESEARCHING ACCOUNT RECORDS;

30 2. PROVIDING DUPLICATE STATEMENTS AND OTHER  
31 DOCUMENTS; AND

32 3. EXPEDITED ISSUANCE OF A DUPLICATE OR ORIGINAL CREDIT  
33 CARD OR DEVICE.

34 (b) Except as provided in [subsections (f) and (g)] SUBSECTION (F) of this  
35 section, with respect to a secured open end credit plan, fees or charges may not be  
36 imposed on a consumer borrower in addition to interest or finance charges except for

1 actual and verifiable fees incurred by the credit grantor and not retained by the credit  
2 grantor for the following:

3 (1) Attorney's fees for services rendered in connection with the  
4 preparation, closing, or disbursement of the loan;

5 (2) Any expense, tax, or charge paid to a governmental agency;

6 (3) Examination of title, appraisal, or other costs necessary or  
7 appropriate to the security of the loan; and

8 (4) Premiums for any insurance coverage permitted under this subtitle.

9 (c) If a plan is established for a consumer borrower, a fee or charge may not be  
10 charged or collected unless the agreement concerning the plan permits the fee to be  
11 charged.

12 (d) If a plan is established for a nonconsumer borrower, the nonconsumer  
13 borrower and credit grantor may agree upon any terms concerning charges and fees.

14 (e) For purposes of this section, the additional charges listed in subsections  
15 (a), (b), and (f) of this section are not interest or finance charges with respect to a  
16 plan.

17 (f) (1) Subject to the provisions of paragraphs (2) through (8) of this  
18 subsection, a credit grantor of an open end credit plan that is secured by a deposit,  
19 savings, passbook, or other similar account or certificate of deposit may impose:

20 (i) An application fee not to exceed \$35; and

21 (ii) An annual charge not to exceed \$35 for the privileges made  
22 available to the consumer borrower under the plan.

23 (2) If an application to the plan is approved, the credit grantor shall  
24 credit the application fee:

25 (i) To the initial annual charge; and

26 (ii) If there is no annual charge, to the interest or finance charges  
27 under the plan.

28 (3) If an application to the plan is rejected, the credit grantor shall  
29 return the application fee to the applicant.

30 (4) Within 45 days after the receipt of the application, the credit grantor  
31 shall:

32 (i) Accept the application; or

33 (ii) Reject the application and return the application fee to the  
34 applicant.

1 (5) Any such plan shall have a credit limit of no less than the amount of  
2 the deposit, savings, passbook, or other similar account or certificate of deposit  
3 required as security.

4 (6) The application shall state the amount of:

5 (i) The minimum required security; and

6 (ii) The application fee.

7 (7) The agreement shall state the amount of the annual charge.

8 (8) If an annual charge is imposed, the credit grantor shall pay interest  
9 on the deposit, savings, passbook, or other similar account or certificate of deposit  
10 required as security in the greater of:

11 (i) A rate of 4 percent per annum simple interest; or

12 (ii) The rate of interest regularly paid on regular passbook savings  
13 accounts by the lending institution that issued the deposit, savings, passbook, or  
14 other similar account or certificate of deposit required as security.

15 **Article - Financial Institutions**

16 1-403.

17 (a) [A] IF THE COMMISSIONER APPROVES, A banking institution OR CREDIT  
18 UNION may have an automated teller machine AT A LOCATION OTHER THAN THE  
19 PRINCIPAL OFFICE OR A BRANCH OF A BANKING INSTITUTION OR CREDIT UNION [if  
20 the Commissioner approves].

21 (b) (1) The Commissioner may approve a proposed automated teller  
22 machine only if:

23 (i) The banking institution OR CREDIT UNION files with the  
24 Commissioner an application in the form that the Commissioner requires; and

25 (ii) The Commissioner determines that it will be an effective and  
26 efficient service, consistent with [sound banking practice,] SAFETY AND SOUNDNESS  
27 and the security of the transactions.

28 (2) (i) The Commissioner shall determine whether to approve an  
29 application for an automated teller machine within 30 days after the receipt of a  
30 completed application.

31 (ii) An application for an automated teller machine shall be deemed  
32 approved if the Commissioner takes no action within the 30-day period specified in  
33 subparagraph (i) of this paragraph.

1 (c) (1) An automated teller machine may receive and dispense money as  
2 instructed by a customer.

3 (2) A banking institution OR CREDIT UNION may verify by direct wire  
4 transmission or otherwise any transaction that is made by means of an automated  
5 teller machine.

6 (3) The Commissioner may adopt rules and regulations that are  
7 substantially similar to those rules and regulations of the Comptroller of the  
8 Currency for the operation and shared use of automated teller machines by national  
9 banking associations.

10 (d) (1) If, after an automated teller machine is approved, any requirement of  
11 this section is not being met, the Commissioner shall give the banking institution OR  
12 CREDIT UNION notice of the deficiency.

13 (2) On notice of deficiency, a banking institution OR CREDIT UNION shall  
14 stop using the automated teller machine.

15 (3) If the Commissioner determines that the deficiency has been  
16 corrected, the banking institution OR CREDIT UNION may resume use of the  
17 automated teller machine.

18 (e) For purposes of this article, an automated teller machine is not a branch of  
19 a banking institution OR CREDIT UNION.

20 Title 6. Credit Unions.

21 SUBTITLE 1. DEFINITIONS.

22 6-101.

23 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

24 (B) "BOARD" MEANS THE BOARD OF DIRECTORS OF A CREDIT UNION.

25 (C) (1) "BRANCH" MEANS A CREDIT UNION OFFICE AT WHICH SHARES OR  
26 DEPOSITS ARE RECEIVED, SHARE DRAFTS OR CHECKS ARE PAID, OR MONEY IS LENT.

27 (2) "BRANCH" INCLUDES A MOBILE BRANCH OR OTHER  
28 SPECIAL-PURPOSE FACILITY THAT PERFORMS A FUNCTION OF A BRANCH.

29 (3) "BRANCH" DOES NOT INCLUDE AN AUTOMATED TELLER MACHINE AS  
30 DEFINED IN § 1-401(D) OF THIS ARTICLE.

31 (D) "CREDIT UNION" MEANS A COOPERATIVE, NONPROFIT FINANCIAL  
32 INSTITUTION ORGANIZED UNDER THIS TITLE TO CONDUCT BUSINESS IN THE STATE.

33 (E) "CREDIT UNION SERVICE ORGANIZATION" MEANS AN ENTITY FORMED TO  
34 ENGAGE IN ACTIVITIES THAT:

1 (1) ARE INCIDENTAL TO THE CONDUCT OF THE BUSINESS OF A CREDIT  
2 UNION;

3 (2) ADVANCE OR FACILITATE THE PURPOSES OF A CREDIT UNION; AND

4 (3) PRIMARILY SERVE A CREDIT UNION AND ITS MEMBERS.

5 (F) "CREDIT UNION SHARE GUARANTY CORPORATION" MEANS THE CREDIT  
6 UNION INSURANCE CORPORATION ESTABLISHED UNDER TITLE 7 OF THIS ARTICLE.

7 (G) "DEPOSIT ACCOUNT" MEANS A BALANCE HELD BY A CREDIT UNION ON  
8 WHICH A CONTRACTUAL RATE OF INTEREST WILL BE PAID AS A DEBT OWED BY THE  
9 CREDIT UNION TO THE DEPOSITOR.

10 (H) "FIXED ASSETS" INCLUDE LAND, BUILDINGS, LEASEHOLD  
11 IMPROVEMENTS, FURNITURE, FIXTURES, AND EQUIPMENT USED IN THE CONDUCT  
12 OF THE REGULAR BUSINESS OF A CREDIT UNION.

13 (I) "MEMBER IN GOOD STANDING" MEANS A MEMBER WHO:

14 (1) OWNS AT LEAST ONE SHARE IN A CREDIT UNION;

15 (2) IS CURRENT ON ALL CREDIT OBLIGATIONS TO THE CREDIT UNION;  
16 AND

17 (3) HAS NOT CAUSED THE CREDIT UNION A CREDIT OR DEPOSIT LOSS  
18 THAT IS CURRENTLY OUTSTANDING.

19 (J) "OFFICER" MEANS ANY OFFICER THAT A MARYLAND CORPORATION IS  
20 REQUIRED OR PERMITTED TO HAVE UNDER § 2-412 OF THE CORPORATIONS AND  
21 ASSOCIATIONS ARTICLE.

22 (K) "OFFICIAL" MEANS:

23 (1) A DIRECTOR;

24 (2) A MEMBER OF A CREDIT COMMITTEE; OR

25 (3) A MEMBER OF A SUPERVISORY COMMITTEE.

26 (L) "OUT-OF-STATE CREDIT UNION" MEANS:

27 (1) A FEDERAL CREDIT UNION WITH ITS MAIN OFFICE IN A STATE  
28 OTHER THAN THIS STATE; OR

29 (2) A CREDIT UNION CHARTERED AND PRIMARILY REGULATED BY  
30 ANOTHER STATE.

31 (M) "SHARE" OR "SHARE ACCOUNT" MEANS A BALANCE HELD BY A CREDIT  
32 UNION ON WHICH A DIVIDEND MAY BE PAID AND WHICH CONFERS MEMBERSHIP  
33 AND VOTING RIGHTS ON THE MEMBER.



1 Subtitle [1.] 2. General Provisions.

2 [6-101.] 6-201.

3 Except as otherwise indicated in this title, Titles 3 through 5 of this article do  
4 not apply to credit unions.

5 [6-102.] 6-202.

6 Credit unions are subject to the supervision of the Commissioner.

7 [6-103.] 6-203.

8 A credit union incorporated under the laws of this State, INCLUDING its income,  
9 [ and its capital, reserves, surpluses] NET WORTH, and other funds are exempt from  
10 all taxes imposed by this State or by any of its political subdivisions TO THE SAME  
11 EXTENT AS FEDERAL CREDIT UNIONS ARE EXEMPT.

12 6-204.

13 A CREDIT UNION MAY EXERCISE ALL THE RIGHTS, PRIVILEGES, AND  
14 INCIDENTAL POWERS NECESSARY OR APPROPRIATE TO EXERCISE ITS SPECIFIC  
15 POWERS AND TO ACCOMPLISH THE PURPOSES FOR WHICH THE CREDIT UNION IS  
16 ORGANIZED.

17 6-205.

18 THIS TITLE SHALL BE CONSTRUED LIBERALLY TO EFFECTUATE ITS PURPOSE.

19 6-206.

20 THIS TITLE MAY BE CITED AS THE MARYLAND CREDIT UNION ACT.

21 Subtitle [2.] 3. Formation [and], Organization, AND POWERS.

22 PART I. FORMATION.

23 [6-201.] 6-301.

24 (a) In this [section] SECTION, "organization" [means] INCLUDES any trade,  
25 profession, club, union, [church] RELIGIOUS congregation, [parish,] society, [or]  
26 association, [or any] fraternal GROUP, OR cooperative[, or other organization].

27 (b) Seven or more adult individuals, each of whom is a resident of this State  
28 [and all of whom have one of the following common bonds], may act as incorporators  
29 to form a credit union under this subtitle WITH ONE OF THE FOLLOWING FIELD OF  
30 MEMBERSHIP TYPES:

31 [(1) Similar occupations;

1           (2)     Membership in the same or similar organizations, professions, or  
2 associations;

3           (3)     Employment by a common employer;

4           (4)     Employment within a defined business district, industrial park, or  
5 shopping center; or

6           (5)     Residence within an identifiable neighborhood, community, rural  
7 district, or county.]

8           (1)     SINGLE COMMON BOND;

9           (2)     MULTIPLE COMMON BOND; OR

10          (3)     COMMUNITY COMMON BOND.

11          (C)     (1)     EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, THE  
12 FOLLOWING PROVISIONS SHALL GOVERN THE FIELD OF MEMBERSHIP TYPES.

13           (2)     A SINGLE COMMON BOND CREDIT UNION MAY SERVE ONE GROUP OF  
14 INDIVIDUALS ALL OF WHOM AS A COMMON BOND:

15                   (I)     BELONG TO THE SAME RECOGNIZED ORGANIZATION;

16                   (II)    ARE EMPLOYED BY A SINGLE CORPORATION OR OTHER  
17 PERSON;

18                   (III)   ARE EMPLOYED BY A SINGLE CORPORATION OR OTHER PERSON  
19 WITH AT LEAST A 10% OWNERSHIP INTEREST IN OR BY ANOTHER SINGLE  
20 CORPORATION OR PERSON;

21                   (IV)   ARE EMPLOYED BY A SINGLE CORPORATION OR OTHER PERSON  
22 THAT IS RELATED TO ANOTHER PERSON, SUCH AS BY CONTRACT AND POSSESSING A  
23 STRONG DEPENDENCY RELATIONSHIP; OR

24                   (V)     ARE EMPLOYED BY OR ATTEND THE SAME SCHOOL.

25           (3)     A MULTIPLE COMMON BOND CREDIT UNION MAY SERVE ONE OR  
26 MORE GROUPS OF INDIVIDUALS, AS DESCRIBED IN PARAGRAPH (2) OF THIS  
27 SUBSECTION, AS LONG AS:

28                   (I)     WITHIN EACH GROUP ALL INDIVIDUALS HAVE A COMMON  
29 BOND OF ORGANIZATION OR OCCUPATION; AND

30                   (II)    EACH GROUP IS WITHIN REASONABLE GEOGRAPHIC  
31 PROXIMITY AND HAS ACCESS TO A BRANCH OF THE CREDIT UNION.

32           (4)     (I)     SUBJECT TO THE PROVISIONS OF SUBPARAGRAPHS (II) AND (III)  
33 OF THIS PARAGRAPH AND SUBSECTION (D) OF THIS SECTION, A COMMUNITY CREDIT  
34 UNION MAY SERVE A GROUP OF INDIVIDUALS, ALL MEMBERS OF WHICH, AS A

1 COMMON BOND, LIVE, WORK, WORSHIP, OR ATTEND SCHOOL WITHIN A SINGLE OR  
2 TWO OR MORE CONTIGUOUS WELL-DEFINED LOCAL COMMUNITIES,  
3 NEIGHBORHOODS, RURAL DISTRICTS, OR COUNTIES.

4 (II) IF THE COMMON BOND IS WITHIN A SINGLE WELL-DEFINED  
5 LOCAL COMMUNITY, NEIGHBORHOOD, RURAL DISTRICT, OR COUNTY, THE TOTAL  
6 POPULATION AT THE TIME OF THE FORMATION OF THE CREDIT UNION MAY NOT  
7 EXCEED 300,000.

8 (III) IF THE COMMON BOND IS WITHIN TWO OR MORE CONTIGUOUS  
9 WELL-DEFINED LOCAL COMMUNITIES, NEIGHBORHOODS, RURAL DISTRICTS, OR  
10 COUNTIES, THE TOTAL POPULATION AT THE TIME OF THE FORMATION OF THE  
11 CREDIT UNION MAY NOT EXCEED 200,000.

12 (D) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (C)(4) OF THIS  
13 SECTION, ANY CREDIT UNION MAY INCLUDE IN ITS FIELD OF MEMBERSHIP TYPE,  
14 WITHOUT REGARD TO LOCATION, A COMMUNITY, NEIGHBORHOOD, RURAL DISTRICT,  
15 OR COUNTY IF:

16 (1) THE COMMISSIONER DETERMINES THAT THE COMMUNITY,  
17 NEIGHBORHOOD, RURAL DISTRICT, OR COUNTY IS:

18 (I) AN "INVESTMENT AREA" AS DEFINED IN 12 U.S.C. § 4702(16) OF  
19 THE COMMUNITY DEVELOPMENT BANKING AND FINANCIAL INSTITUTIONS ACT OF  
20 1994; AND

21 (II) UNDERSERVED BY OTHER DEPOSITORY FINANCIAL  
22 INSTITUTIONS BASED ON DATA OF THE COMMISSIONER, THE FEDERAL CREDIT  
23 UNION AND BANKING REGULATORY AGENCIES, OR OTHER DATA SOURCES; AND

24 (2) THE CREDIT UNION ESTABLISHES AND MAINTAINS AN OFFICE OR  
25 BRANCH IN THE COMMUNITY, NEIGHBORHOOD, RURAL DISTRICT, OR COUNTY AT  
26 WHICH CREDIT UNION SERVICES ARE AVAILABLE WITHIN 2 YEARS AFTER THE  
27 INCLUSION OF THE COMMUNITY, NEIGHBORHOOD, RURAL DISTRICT, OR COUNTY IN  
28 THE FIELD OF MEMBERSHIP OF THE CREDIT UNION.

29 (E) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, ONLY  
30 A GROUP WITH FEWER THAN 3,000 MEMBERS, EXCLUDING INDIVIDUALS WHO ARE  
31 ELIGIBLE UNDER § 6-302(B)(4) OR (5) OF THIS SUBTITLE, SHALL BE ELIGIBLE TO BE  
32 INCLUDED IN THE MEMBERSHIP OF A MULTIPLE COMMON BOND CREDIT UNION.

33 (2) THE NUMERICAL LIMITATION IN PARAGRAPH (1) OF THIS  
34 SUBSECTION DOES NOT APPLY WITH RESPECT TO A GROUP:

35 (I) THAT THE COMMISSIONER DETERMINES COULD NOT FEASIBLY  
36 OR REASONABLY ESTABLISH A NEW SINGLE COMMON BOND CREDIT UNION;

37 (II) TRANSFERRED FROM ANOTHER CREDIT UNION IN  
38 CONNECTION WITH:

1 1. A MERGER OR CONSOLIDATION APPROVED BY THE  
2 COMMISSIONER BASED ON SAFETY AND SOUNDNESS CONCERNS; OR

3 2. A LIQUIDATION APPROVED BY THE COMMISSIONER; OR

4 (III) TRANSFERRED THROUGH THE MERGER OR CONSOLIDATION OF  
5 TWO CREDIT UNIONS, BOTH OF WHICH SERVED THE GROUP IMMEDIATELY BEFORE  
6 THE MERGER OR CONSOLIDATION.

7 [6-210.] 6-302.

8 (A) IN THIS SECTION, "IMMEDIATE FAMILY RELATIVE" MEANS:

9 (1) A SPOUSE;

10 (2) A CHILD;

11 (3) A SIBLING;

12 (4) A PARENT;

13 (5) A GRANDPARENT;

14 (6) A GRANDCHILD;

15 (7) A STEPPARENT;

16 (8) A STEPCHILD;

17 (9) A STEP-SIBLING; OR

18 (10) ANY ADOPTED RELATIVE.

19 (B) [The members] A MEMBER of a credit union [are] MAY BE:

20 [(1) Each incorporator; and

21 (2)] (1) [Each other person] AN INDIVIDUAL who [:

22 (i) Is elected to membership;

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

24 (iii) Pays any entrance fee;

25 (iv) Shares] SHARES with [all] other members of the credit union  
26 one of the common bonds WITHIN THE FIELD OF MEMBERSHIP TYPES approved by the  
27 Commissioner [and set out under the bylaws; and];

28 [(v) Meets all of the other requirements of the bylaws.]

29 (2) AN EMPLOYEE OF THE CREDIT UNION;

1 (3) AN ENTITY THAT IS COMPOSED PRIMARILY OF INDIVIDUALS WHO  
2 ARE ELIGIBLE FOR MEMBERSHIP;

3 (4) AN INDIVIDUAL LIVING IN THE SAME RESIDENCE AND MAINTAINING  
4 A SINGLE ECONOMIC UNIT WITH AN INDIVIDUAL WHO IS ELIGIBLE FOR  
5 MEMBERSHIP; AND

6 (5) AN IMMEDIATE FAMILY RELATIVE OF AN INDIVIDUAL WHO IS  
7 ELIGIBLE FOR MEMBERSHIP.

8 (C) A PERSON THAT IS ELIGIBLE FOR MEMBERSHIP UNDER SUBSECTION (B)  
9 OF THIS SECTION BECOMES A MEMBER WHEN THE PERSON:

10 (1) SUBSCRIBES TO AND PAYS FOR AT LEAST ONE SHARE; AND

11 (2) MEETS ALL OF THE OTHER REQUIREMENTS OF THE BYLAWS OF THE  
12 CREDIT UNION.

13 (D) ONCE AN INDIVIDUAL WHO IS ELIGIBLE FOR MEMBERSHIP UNDER  
14 SUBSECTION (B)(4) OR (5) OF THIS SECTION BECOMES A MEMBER, THEN AN  
15 IMMEDIATE FAMILY RELATIVE OF THE MEMBER IS ELIGIBLE TO BECOME A MEMBER.

16 (E) A MEMBER REMAINS A MEMBER OF A CREDIT UNION UNTIL THE MEMBER:

17 (1) CHOOSES TO WITHDRAW FROM THE MEMBERSHIP OF THE CREDIT  
18 UNION; OR

19 (2) IS EXPELLED BY THE BOARD UNDER § 6-319 OF THIS SUBTITLE.

20 6-303.

21 (A) (1) SUBJECT TO THE PROVISIONS OF § 6-301(C) AND (E) OF THIS  
22 SUBTITLE, A MULTIPLE COMMON BOND CREDIT UNION MAY ADD TO ITS FIELD OF  
23 MEMBERSHIP A GROUP OF OVER 750 POTENTIAL MEMBERS, EXCLUDING  
24 INDIVIDUALS WHO ARE ELIGIBLE FOR MEMBERSHIP UNDER § 6-302(B)(4) OR (5) OF  
25 THIS SUBTITLE, IF:

26 (I) THE MEMBERS HAVE APPROVED THE NECESSARY AMENDMENT  
27 TO THE BYLAWS, AS REQUIRED UNDER § 6-320(A) OF THIS SUBTITLE;

28 (II) THE CREDIT UNION FILES WITH THE COMMISSIONER AN  
29 APPLICATION AND ANY OTHER DOCUMENTS THAT THE COMMISSIONER DEEMS  
30 NECESSARY TO MAKE A DETERMINATION; AND

31 (III) THE COMMISSIONER DETERMINES THAT:

32 1. THE CREDIT UNION HAS NOT ENGAGED IN ANY MATERIAL  
33 UNSAFE OR UNSOUND PRACTICE DURING THE 1-YEAR PERIOD PRECEDING THE  
34 DATE OF FILING THE APPLICATION;

35 2. THE CREDIT UNION HAS ADEQUATE NET WORTH;

1                                   3.       THE CREDIT UNION HAS THE ADMINISTRATIVE  
2 CAPABILITY TO SERVE THE POTENTIAL MEMBERS OF THE GROUP AND THE  
3 FINANCIAL RESOURCES TO MEET THE NEED FOR ADDITIONAL STAFF AND ASSETS TO  
4 SERVE THE POTENTIAL MEMBERS OF THE GROUP;

5                                   4.       ANY POTENTIAL HARM THAT THE EXPANSION MAY HAVE  
6 ON ANY OTHER CREDIT UNION AND ITS MEMBERSHIP IS CLEARLY OUTWEIGHED IN  
7 THE PUBLIC INTEREST BY THE PROBABLE BENEFICIAL EFFECT OF THE EXPANSION  
8 IN MEETING THE CONVENIENCE AND NEEDS OF THE POTENTIAL MEMBERS OF THE  
9 GROUP;

10                                  5.       FORMATION OF A SEPARATE CREDIT UNION BY THE  
11 GROUP IS NOT PRACTICABLE AND CONSISTENT WITH REASONABLE SAFETY AND  
12 SOUNDNESS STANDARDS; AND

13                                  6.       THE GROUP IS WITHIN REASONABLE GEOGRAPHIC  
14 PROXIMITY TO A BRANCH OF THE CREDIT UNION.

15                   (2)       UNLESS THE COMMISSIONER NOTIFIES THE CREDIT UNION THAT A  
16 DIFFERENT TIME PERIOD IS NECESSARY, WITHIN 60 DAYS AFTER THE APPLICATION  
17 IS FILED, THE COMMISSIONER SHALL NOTIFY THE CREDIT UNION OF THE  
18 DETERMINATION ON THE APPLICATION.

19       (B)       SUBJECT TO THE PROVISIONS OF § 6-301(C) AND (E) OF THIS SUBTITLE, A  
20 MULTIPLE COMMON BOND CREDIT UNION MAY ADD TO ITS FIELD OF MEMBERSHIP A  
21 GROUP OF 750 OR LESS POTENTIAL MEMBERS, EXCLUDING INDIVIDUALS WHO ARE  
22 ELIGIBLE UNDER § 6-302(B)(4) OR (5) OF THIS SUBTITLE, IF:

23                   (1)       THE BOARD APPROVES THE ADDITION OF THE GROUP;

24                   (2)       THE CREDIT UNION NOTIFIES THE COMMISSIONER IN WRITING  
25 WITHIN 30 DAYS AFTER THE BOARD APPROVES THE ADDITION OF THE GROUP;

26                   (3)       THE REQUIREMENTS OF SUBSECTION (A)(1)(III) OF THIS SECTION  
27 ARE MET; AND

28                   (4)       THE ADDITION OF THE GROUP HAS NOT BEEN DISAPPROVED BY THE  
29 COMMISSIONER WITHIN 30 DAYS OF THE NOTIFICATION REQUIRED UNDER ITEM (2)  
30 OF THIS SUBSECTION.

31 6-304.

32       (A)       A CREDIT UNION MAY CONVERT TO ANOTHER FIELD OF MEMBERSHIP  
33 TYPE, AS DESCRIBED IN § 6-301 OF THIS SUBTITLE, IF:

34                   (1)       THE CREDIT UNION:

35                                   (I)       MEETS THE COMMON BOND REQUIREMENTS OF THE  
36 PROPOSED FIELD OF MEMBERSHIP TYPE; AND

1 (II) FILES WITH THE COMMISSIONER AN APPLICATION AND ANY  
2 OTHER DOCUMENTS THAT THE COMMISSIONER DEEMS NECESSARY TO MAKE A  
3 DETERMINATION ON THE APPLICATION; AND

4 (2) THE COMMISSIONER DETERMINES THAT APPROVAL:

5 (I) IS IN THE BEST INTEREST OF THE EXISTING AND PROPOSED  
6 MEMBERSHIPS;

7 (II) PROVIDES A MEANS FOR BETTER SERVICE TO THE EXISTING  
8 MEMBERSHIP;

9 (III) IS IN ACCORDANCE WITH SOUND CREDIT UNION PRACTICES;  
10 AND

11 (IV) DOES NOT EXPOSE THE FUNDS OF THE EXISTING MEMBERS TO  
12 UNNECESSARY RISK.

13 (B) UNLESS THE COMMISSIONER NOTIFIES THE CREDIT UNION THAT A  
14 DIFFERENT TIME PERIOD IS NECESSARY, WITHIN 120 DAYS AFTER THE APPLICATION  
15 IS FILED, THE COMMISSIONER SHALL NOTIFY THE CREDIT UNION OF THE  
16 DETERMINATION ON THE APPLICATION.

17 (C) (1) NO LESS THAN 30 DAYS BEFORE THE EFFECTIVE DATE OF THE  
18 CONVERSION, THE CREDIT UNION SHALL GIVE NOTICE OF THE CONVERSION TO ALL  
19 GROUPS OF POTENTIAL MEMBERS OF THE CREDIT UNION THAT WILL BE REMOVED  
20 FROM THE FIELD OF MEMBERSHIP AS A RESULT OF THE CONVERSION.

21 (2) ON AND AFTER THE EFFECTIVE DATE OF THE CONVERSION, THE  
22 CREDIT UNION:

23 (I) MAY NOT CONTINUE TO SERVE GROUPS WITHIN THE FIELD OF  
24 MEMBERSHIP OF THE CREDIT UNION THAT NO LONGER QUALIFY FOR MEMBERSHIP  
25 IN THE CREDIT UNION AS A RESULT OF THE CONVERSION; AND

26 (II) MAY CONTINUE TO SERVE MEMBERS OF A GROUP IDENTIFIED  
27 UNDER PARAGRAPH (C)(2)(I) OF THIS SUBSECTION WHO ARE MEMBERS BEFORE THE  
28 EFFECTIVE DATE OF THE CONVERSION.

29 [6-202.] 6-305.

30 (a) The incorporators shall sign and acknowledge [two] THREE copies of  
31 articles of incorporation [and enter into articles of agreement].

32 (b) The articles of incorporation shall include:

33 (1) The name and RESIDENTIAL address of each incorporator;

34 (2) A STATEMENT THAT EACH INCORPORATOR IS 18 YEARS OF AGE OR  
35 OLDER;

- 1            [(2)]    (3) A statement that the incorporators are associating to form a credit  
2 union under this title;
- 3            [(3)]    (4) The name of the credit union;
- 4            (5)        THE FIELD OF MEMBERSHIP TYPE AS DESCRIBED IN § 6-301 OF THIS  
5 SUBTITLE;
- 6            [(4)]    (6)        The municipal area and county where the credit union is to be  
7 located;
- 8            [(5)]    (7)        The par value of the shares of the credit union; [and]
- 9            [(6)]    (8)        The number of shares to which each incorporator subscribes;
- 10           (9)        THE NAME AND ADDRESS IN THE STATE OF THE RESIDENT AGENT  
11 OF THE CREDIT UNION FOR PURPOSES OF SERVICE OF PROCESS IN ACCORDANCE  
12 WITH THE MARYLAND GENERAL CORPORATION LAW; AND
- 13           (10)       THE NUMBER OF DIRECTORS AND THE NAMES AND RESIDENTIAL  
14 ADDRESSES OF THE INDIVIDUALS WHO WILL SERVE AS DIRECTORS ON THE BOARD  
15 UNTIL THEIR SUCCESSORS ARE ELECTED AND QUALIFY.
- 16    [(c)        The articles of agreement shall provide that the incorporators bind  
17 themselves to comply with the requirements of the articles of incorporation and the  
18 laws, rules, and regulations that apply to credit unions.]
- 19 [6-203.] 6-306.
- 20    (a)        The incorporators shall adopt bylaws for the credit union and shall sign  
21 and acknowledge two copies of them.
- 22    (b)        The bylaws of the credit union shall include:
- 23            (1)        The name and purpose of the credit union;
- 24            (2)        [The date of its] PROVISIONS FOR annual [meeting] AND SPECIAL  
25 MEETINGS OF MEMBERS and the manner of notification FOR and [conducting]  
26 CONDUCT OF the [meeting] MEETINGS;
- 27            (3)        The number of members that constitute a quorum and [the  
28 regulations] PROVISIONS that relate to voting;
- 29            (4)        A DETAILED DESCRIPTION OF THE FIELD OF MEMBERSHIP;
- 30            [(4)]    (5)        The qualifications for membership;
- 31            [(5)]    (6)        The number of directors ON THE BOARD and their powers and  
32 duties;



- 1            [(6)]    (7) The powers and duties of its credit COMMITTEE, IF ANY, and  
2 supervisory [committees] COMMITTEE;
- 3            [(7)]    (8)[Its] THE POWERS AND DUTIES OF ITS officers [and their powers  
4 and duties];
- 5            (9)        THE NUMBER OF AND QUALIFICATIONS FOR DIRECTORS EMERITI, IF  
6 ANY;
- 7            [(8)]    (10)    The par value of its shares and the conditions for issuance,  
8 payment, transfer, and withdrawal;
- 9            [(9)]    (11)    The conditions on which deposits may be received and  
10 withdrawn; AND
- 11           [(10)]    The manner of receipting for money;
- 12           (11)    The manner of accumulating its reserve fund;]
- 13           (12)    [The manner of] PROVISIONS FOR determining and paying dividends  
14 ON SHARES AND INTEREST ON DEPOSITS [;].
- 15           [(13)]    Any fine to be charged on failure to meet promptly an obligation to it;
- 16           (14)    The manner in which its funds will be invested;
- 17           (15)    The manner of making and repaying loans;
- 18           (16)    The maximum rate of interest that may be charged on loans; and
- 19           (17)    The manner of effecting its voluntary dissolution.]
- 20 [6-204.] 6-307.
- 21    (a)     The incorporators shall:
- 22           (1)     [file] FILE with the Commissioner for examination [the two] THREE  
23 copies of the articles of incorporation and TWO COPIES OF THE bylaws; AND
- 24           (2)     PAY TO THE COMMISSIONER A FEE OF \$500.
- 25    (b)     The Commissioner shall investigate and determine if:
- 26           (1)     The articles and bylaws are framed in accordance with law AND ARE  
27 REASONABLE;
- 28           (2)     [The bylaws are reasonable;
- 29           (3)]    The character, responsibility, and general fitness of the incorporators  
30 command confidence and warrant belief that the business of the proposed credit

1 union will be conducted honestly and efficiently, in accordance with the intent of this  
2 title; and

3           [(4)]   (3)    Allowing the proposed credit union to engage in business:

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

5                   (ii)   Is expedient and desirable.

6   (c)       After the investigation, the Commissioner may require any change in the  
7 articles of incorporation or bylaws that the Commissioner considers necessary.

8   (d)       (1)    [Within 60] UNLESS THE COMMISSIONER NOTIFIES THE APPLICANT  
9 THAT A DIFFERENT TIME PERIOD IS NECESSARY, WITHIN 120 days after the articles  
10 and bylaws are filed [for examination], the Commissioner shall sign, date, and  
11 endorse each copy of the articles and bylaws as "approved" or "refused".

12           (2)    If formation of the credit union is refused, the Commissioner shall  
13 [return one of the endorsed copies of the articles and bylaws to] NOTIFY the  
14 incorporators IN WRITING OF THE REASON FOR THE REFUSAL.

15           (3)    If formation of the credit union is approved, the Commissioner shall:

16                   (i)    Return [one] TO THE INCORPORATORS TWO of the endorsed  
17 copies of the articles and ONE OF THE ENDORSED COPIES OF THE bylaws [ to the  
18 incorporators]; and

19                   (ii)   Keep [and record] one of the endorsed copies OF THE ARTICLES  
20 AND THE BYLAWS.

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

23 [6-205.] 6-308.

24   (a)       If the Commissioner approves the articles and bylaws, the incorporators  
25 shall file for record with the State Department of Assessments and Taxation one of  
26 the endorsed copies of the articles [and bylaws] OF INCORPORATION.

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

29   (B)       WHEN THE ARTICLES OF INCORPORATION ARE FILED FOR RECORD IN  
30 ACCORDANCE WITH THE PROVISIONS OF SUBSECTION (A) OF THIS SECTION, THE  
31 CREDIT UNION BECOMES A CORPORATION.

32 [6-206.

33   When articles of incorporation and bylaws are filed for record in accordance with  
34 § 6-205 of this subtitle, the credit union becomes a corporation.]

1 6-309.

2 (A) WHEN FILING THE ARTICLES OF INCORPORATION AND BYLAWS WITH THE  
3 COMMISSIONER UNDER § 6-307 OF THIS SUBTITLE, THE INCORPORATORS SHALL FILE  
4 WITH THE COMMISSIONER AN INITIAL APPLICATION ON A FORM THAT THE  
5 COMMISSIONER REQUIRES.

6 (B) THE INITIAL APPLICATION SHALL INCLUDE:

7 (1) THE FIELD OF MEMBERSHIP TYPE REQUESTED;

8 (2) A DETAILED DESCRIPTION OF THE FIELD OF MEMBERSHIP;

9 (3) A MISSION STATEMENT;

10 (4) A DETAILED BUSINESS PLAN THAT INCLUDES THE ITEMS THAT THE  
11 COMMISSIONER REASONABLY REQUIRES; AND

12 (5) ANY OTHER INFORMATION THAT THE COMMISSIONER REASONABLY  
13 REQUIRES.

14 (C) (1) IN CONNECTION WITH AN INITIAL APPLICATION AND AT ANY OTHER  
15 TIME THE COMMISSIONER REQUESTS, EACH INCORPORATOR AND DIRECTOR SHALL  
16 PROVIDE FINGERPRINTS FOR USE BY THE FEDERAL BUREAU OF INVESTIGATION  
17 AND THE CRIMINAL JUSTICE INFORMATION SYSTEM CENTRAL REPOSITORY OF THE  
18 DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL SERVICES TO CONDUCT  
19 CRIMINAL HISTORY RECORDS CHECKS.

20 (2) ANY INCORPORATOR OR DIRECTOR REQUIRED BY THIS SUBSECTION  
21 TO PROVIDE FINGERPRINTS SHALL PAY ANY PROCESSING OR OTHER FEE REQUIRED  
22 BY THE FEDERAL BUREAU OF INVESTIGATION OR THE CRIMINAL JUSTICE  
23 INFORMATION SYSTEM CENTRAL REPOSITORY OF THE DEPARTMENT OF PUBLIC  
24 SAFETY AND CORRECTIONAL SERVICES.

25 (3) THE FINGERPRINTING AND CRIMINAL HISTORY RECORDS CHECK  
26 REQUIREMENTS SHALL APPLY TO ANY OTHER OFFICIAL OR OFFICER OF THE CREDIT  
27 UNION AS REQUESTED BY THE COMMISSIONER.

28 6-310. Reserved.

29 6-311. Reserved.

30 PART II. POWERS OF A CREDIT UNION.

31 [6-207.] 6-312.

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

33 (1) Receive the [savings] SHARES AND DEPOSITS of its members [as  
34 payment for its shares or as a deposit];

1           (2)     Lend money to its members [at reasonable rates not exceeding those  
2 authorized by this title];

3           (3)     Invest[ its accumulated] funds as provided in this title; AND

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

6           (5)     Cash checks and money orders for a fee not exceeding the direct and  
7 indirect costs of the service; and

8           (6)]     Undertake other activities that:

9                   (i)     Are consistent with this title;

10                   (ii)    Relate to its purposes; and

11                   (iii)   Are authorized by its bylaws.

12 [6-208.] 6-313.

13     (A)     Notwithstanding any other provision of [this title] THE LAWS OR  
14 REGULATIONS OF THE STATE, on approval of the Commissioner [and the Credit  
15 Union Insurance Corporation], a credit union may engage in any additional [ credit  
16 union] activity, SERVICE, OR OTHER PRACTICE [or provide any related service under  
17 the same conditions that federal law or regulation requires or permits as to federal  
18 credit unions] IN WHICH, UNDER FEDERAL LAW OR REGULATION, FEDERAL CREDIT  
19 UNIONS MAY ENGAGE.

20     (B)     THE COMMISSIONER MAY GRANT AN APPROVAL UNDER THIS SECTION  
21 ONLY IF:

22           (1)     THE COMMISSIONER DETERMINES THAT APPROVAL:

23                   (I)     REASONABLY IS REQUIRED TO PROTECT THE WELFARE OF THE  
24 GENERAL ECONOMY OF THE STATE AND OF CREDIT UNIONS; OR

25                   (II)    IS NOT DETRIMENTAL TO THE PUBLIC INTEREST OR TO CREDIT  
26 UNIONS; AND

27           (2)     THE APPROVAL IMPOSES THE SAME CONDITIONS THAT FEDERAL  
28 LAW OR REGULATION REQUIRES OR PERMITS AS TO FEDERAL CREDIT UNIONS.

29 [6-209.] 6-314.

30     [(a)     The capital of a credit union consists of the payments that its members  
31 make for its shares.

32     (b)     The par value of a share of a credit union may not exceed \$10.

1 (c) (1) A member of a credit union may subscribe and pay for shares as the  
2 bylaws provide.

3 (2) Shares may be issued and deposits received in the name of a minor  
4 and in trust as the bylaws provide.

5 (3) If a deposit or share account is opened by and in the name of a minor:

6 (i) The credit union shall hold the money for the exclusive benefit  
7 of the minor or that minor's creditors;

8 (ii) The minor may withdraw money from the account; and

9 (iii) A receipt signed by the minor discharges the credit union for the  
10 amount of the withdrawal.]

11 [(d)] (A) [The] WITHOUT BEING REQUIRED TO TAKE ANY ACTION TO  
12 PERFECT A LIEN, A credit union has a lien AND A RIGHT TO A SETOFF on the shares  
13 and deposits of a member IN ANY INDIVIDUAL, MULTIPLE PARTY, OR OTHER TYPE OF  
14 ACCOUNT, including any dividends or interest payable on those shares or deposits, to  
15 the extent of ANY DELINQUENCY OR DEFAULT OF THE MEMBER ON:

16 (1) Any outstanding loan, whether or not matured, on which the member  
17 is liable to the credit union as maker, comaker, surety, or endorser; and

18 (2) Any dues, charges, fees, [or] fines, OR OTHER AMOUNT payable by  
19 the member.

20 [(e)] (B) If a member [ of the credit union] resigns or is expelled, the credit  
21 union may cancel that member's shares and apply their withdrawal value against  
22 [that member's indebtedness] ANY AMOUNT OWED to the credit union BY THE  
23 MEMBER.

24 [(f)] If authorized by the bylaws, a credit union may charge an entrance fee and  
25 a transfer fee.

26 (g) A credit union may not pay any commission or other compensation for  
27 obtaining members or selling its shares.]

28 (C) A CREDIT UNION MAY ALLOW A WITHDRAWAL OF A MEMBER'S SHARES OR  
29 DEPOSITS WITHOUT AFFECTING THE CREDIT UNION'S LIEN OR RIGHT TO A SETOFF.

30 (D) A CREDIT UNION MAY REFUSE TO ALLOW A WITHDRAWAL OF A MEMBER'S  
31 SHARES OR DEPOSITS TO THE EXTENT OF ANY DELINQUENCY OR DEFAULT OF THE  
32 MEMBER TO THE CREDIT UNION.

1 6-315. Reserved.

2 6-316. Reserved.

3

PART III. MEMBERS OF A CREDIT UNION.

4 [6-211.] 6-317.

5 (a) (1) The annual meeting of the members [of a credit union] shall be held  
6 as provided by the bylaws and at the time and place that the [bylaws provide] BOARD  
7 DETERMINES.

8 (2) Special meetings of members shall be held:

9 (i) On order of the directors or the supervisory committee; or

10 (ii) At the request of 10 percent of the members.

11 (3) Notice of each meeting shall be given as the bylaws provide.

12 (b) (1) Each member [of a credit union] IN GOOD STANDING has one vote,  
13 notwithstanding the number of shares that the member holds.

14 (2) A member may not vote by proxy. However, a member that is not [a  
15 natural person] AN INDIVIDUAL may be represented by an individual authorized IN  
16 WRITING by the member to represent it.

17 (3) A MEMBER MAY NOT VOTE OR HOLD OFFICE IF THE MEMBER IS LESS  
18 THAN 18 YEARS OF AGE.

19 (c) (1) At any meeting of the members [of a credit union], the members  
20 may:

21 (i) Decide any question of interest to the credit union;

22 (ii) Except for any instance where, in the judgment of the board [of  
23 directors], it would result in damage to the credit union's financial soundness or  
24 would otherwise force the board [of directors] to abrogate their fiduciary  
25 responsibility, overrule any decision of the board [of directors]; and

26 (iii) Amend the bylaws or articles of incorporation as provided in [ §  
27 6-222] § 6-320 of this subtitle.

28 (2) At the annual meeting of the members, the members shall elect  
29 directors, unless they are elected as provided in [§ 6-215] § 6-329 of this subtitle OR  
30 AS PROVIDED IN THE BYLAWS FOR MAIL BALLOTING.

31 [6-211.1.] 6-318.

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

1 (1) An action authorized under [§ 6-215] § 6-329 or [§ 6-223] § 6-321 of  
2 this subtitle;

3 (2) A voluntary dissolution under [§ 6-703 ] § 6-804 of this title; or

4 (3) [A vote for which the Commissioner has waived the requirement for  
5 a mail ballot under § 6-701(d), § 6-701.1(e), § 6-702(e), or § 6-704(e) of this title ] AN  
6 AUTHORIZATION OF COMPENSATION UNDER § 6-331 OF THIS SUBTITLE.

7 (b) The board [of directors] of a credit union:

8 (1) May authorize by resolution any question, proposal, or other matter  
9 requiring membership approval to be voted on by mail ballot; and

10 (2) Shall establish a sequence of dates by which the voting procedures  
11 are initiated and completed.

12 (c) The secretary of the credit union shall mail to each member IN GOOD  
13 STANDING WHO IS eligible to vote:

14 (1) A printed ballot;

15 (2) An explanation of the question, proposal, or other matter to be voted  
16 on; and

17 (3) A postage pre-paid and pre-addressed return envelope.

18 (d) Unless otherwise provided in this title, the printed ballot shall be mailed to  
19 each member IN GOOD STANDING WHO IS eligible to vote, not more than 30 days nor  
20 less than 7 days before the date set by the board [of directors] for the filing of the  
21 mail ballot.

22 (e) (1) The question, proposal, or other matter is adopted only if approved by  
23 a majority of the ballots timely received from the members eligible to vote AND IN  
24 GOOD STANDING and voting.

25 (2) The credit union shall report the results of the mail ballot to the  
26 [credit union] members.

27 [6-221.] 6-319.

28 (a) Subject to the applicable provisions of the bylaws, the board [of directors]  
29 may expel any member of the credit union who:

30 (1) Defaults on the payment of any monetary obligation to the credit  
31 union;

32 (2) Is convicted of a criminal offense involving dishonesty or breach of  
33 trust;

1 (3) Neglects or refuses to comply with the provisions of this title or of the  
2 bylaws of the credit union;

3 (4) Habitually neglects to pay debts or becomes insolvent or bankrupt; or

4 (5) Subject to the provisions of subsection [(c)] (B) of this section,  
5 violates a written expulsion policy adopted by the board [of directors].

6 (b) [A member may withdraw from a credit union or a nonmember may  
7 withdraw deposits as the bylaws provide.

8 (c)] (1) The board [ of directors] shall post conspicuously at each office of the  
9 credit union a notice of any expulsion policy adopted by the board.

10 (2) A person expelled by the board may request a reconsideration of the  
11 expulsion.

12 [6-222.] 6-320.

13 (A) (1) THE BOARD MAY AMEND THE ARTICLES OF INCORPORATION ONLY IF  
14 THE MEMBERS APPROVE THE AMENDMENT.

15 (2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
16 PARAGRAPH, THE BOARD MAY AMEND THE BYLAWS WITHOUT APPROVAL OF THE  
17 MEMBERS.

18 (II) THE BOARD MAY AMEND THE BYLAWS ONLY WITH THE  
19 APPROVAL OF THE MEMBERS FOR ANY AMENDMENT THAT ADDRESSES ONE OF THE  
20 FOLLOWING SUBJECTS:

21 1. THE MANNER OR METHOD BY WHICH A MEETING OF THE  
22 MEMBERS CAN BE CONVENED;

23 2. QUORUM REQUIREMENTS FOR A MEETING OF THE  
24 MEMBERS;

25 3. THE VOTING RIGHTS OF MEMBERS;

26 4. EXCEPT AS PROVIDED IN § 6-303(B) OF THIS SUBTITLE,  
27 ANY CHANGE IN THE FIELD OF MEMBERSHIP;

28 5. REQUIREMENTS FOR THE NUMBER, CLASSIFICATIONS,  
29 QUALIFICATIONS, AND TERM OF OFFICE FOR DIRECTORS;

30 6. PROCEDURES FOR REMOVING DIRECTORS;

31 7. PROCEDURES FOR FILLING VACANCIES ON THE BOARD;  
32 AND

33 8. ANY OTHER ISSUE AS DETERMINED BY THE  
34 COMMISSIONER.



1 [(a)] (B) At any meeting of the members [of a credit union], the members may  
2 amend the [bylaws or] articles of incorporation OR, MAY APPROVE AN AMENDMENT  
3 TO THE BYLAWS AS PROVIDED IN SUBSECTION (A)(2)(II) OF THIS SECTION, if:

4 (1) The notice of the meeting specifies the amendment to be considered;  
5 and

6 (2) [75 percent] TWO-THIRDS of the members present [in person or by  
7 representation] vote for the amendment.

8 [(b)] (C) (1) An amendment to the [bylaws or] articles of incorporation does  
9 not become effective until:

10 (I) [the] THE amendment is approved by the Commissioner IN  
11 WRITING NO LATER THAN 60 DAYS AFTER THE DATE OF SUBMISSION OF THE  
12 PROPOSED AMENDMENT, UNLESS THE COMMISSIONER AND THE CREDIT UNION  
13 AGREE TO A LONGER PERIOD OF TIME; and

14 (II) [a] A copy OF THE AMENDMENT certified by the Commissioner  
15 is filed with the State Department of Assessments and Taxation.

16 (2) WHETHER APPROVED ONLY BY THE BOARD OR BY THE MEMBERS AS  
17 REQUIRED UNDER SUBSECTION (A)(2)(II) OF THIS SECTION, AN AMENDMENT TO THE  
18 BYLAWS DOES NOT BECOME EFFECTIVE UNTIL THE AMENDMENT IS APPROVED BY  
19 THE COMMISSIONER IN WRITING NO LATER THAN 60 DAYS AFTER THE DATE OF  
20 SUBMISSION OF THE PROPOSED AMENDMENT, UNLESS THE COMMISSIONER AND  
21 THE CREDIT UNION AGREE TO A LONGER PERIOD OF TIME.

22 (D) THE ACTION OF THE COMMISSIONER ON THE PROPOSED AMENDMENT TO  
23 THE ARTICLES OF INCORPORATION OR THE BYLAWS UNDER SUBSECTION (C)(1)(I) OR  
24 (2) OF THIS SECTION SHALL BE BASED ON A FINDING AS TO WHETHER OR NOT THE  
25 PROPOSED AMENDMENT:

26 (1) IS IN THE BEST INTEREST OF THE MEMBERSHIP;

27 (2) PROVIDES MEANS FOR BETTER SERVICE TO THE MEMBERSHIP;

28 (3) IS IN ACCORD WITH SOUND CREDIT UNION PRACTICES; AND

29 (4) EXPOSES THE MEMBERS' FUNDS TO UNNECESSARY RISK.

30 (E) THE BOARD SHALL REPORT AN AMENDMENT TO THE MEMBERS OF THE  
31 CREDIT UNION NO LATER THAN THE NEXT MEETING OF THE MEMBERS AFTER THE  
32 COMMISSIONER APPROVES THE AMENDMENT.

33 [6-223.] 6-321.

34 (a) The board [of directors of a credit union]:

35 (1) By resolution may authorize an amendment to the bylaws or articles  
36 of incorporation to be voted on by mail ballot; and

1 (2) Shall establish a sequence of dates by which the voting procedures  
2 are initiated and completed.

3 (b) The secretary of the credit union shall mail to each member [ eligible to  
4 vote] IN GOOD STANDING:

5 (1) A printed ballot;

6 (2) A copy of any old bylaw or article of incorporation affected by the  
7 proposed amendment; and

8 (3) A copy of the proposed bylaw or article of incorporation.

9 (c) (1) The amendment is adopted only if approved by [75 percent]  
10 TWO-THIRDS of the mail ballots timely received from the members [eligible to vote]  
11 IN GOOD STANDING and voting.

12 (2) The credit union shall report the results of the mail ballot to the  
13 credit union members.

14 6-322. Reserved.

15 6-323. Reserved.

16 PART IV. OFFICIALS AND OFFICERS.

17 [6-212.] 6-324.

18 [The business and affairs of a credit union shall be managed under the direction  
19 of a board of directors] THE BOARD SHALL HAVE THE AUTHORITY AND  
20 RESPONSIBILITY FOR THE BUSINESS AFFAIRS, FUNDS, AND RECORDS OF A CREDIT  
21 UNION.

22 [6-213.] 6-325.

23 (a) Each credit union shall have at least five directors.

24 (b) Each director:

25 (1) Shall be a member of the credit union;

26 (2) Shall be bonded;

27 (3) May not have:

28 (i) Defaulted on the payment of any monetary obligation to the  
29 credit union;

30 (ii) Been convicted of any criminal offense involving dishonesty or  
31 breach of trust;

1 (iii) Habitually neglected to pay debts; [or]

2 (iv) Become insolvent or bankrupt; [and] OR

3 (V) BEEN REMOVED BY ANY STATE OR FEDERAL REGULATORY  
4 AGENCY FROM OFFICE AS AN OFFICER, OFFICIAL, OR EMPLOYEE OF A FINANCIAL  
5 INSTITUTION; AND

6 (4) Shall comply with any other qualifications set forth in the credit  
7 union bylaws.

8 (c) A director holds office for the term that the bylaws provide, WHICH MAY  
9 NOT EXCEED 3 YEARS, AND UNTIL A SUCCESSOR IS ELECTED AND QUALIFIES.

10 (d) Each director shall take an oath [to perform faithfully the duties of the  
11 office] THAT THE DIRECTOR:

12 (1) WILL DILIGENTLY AND HONESTLY PERFORM THE DUTIES AS  
13 DIRECTOR IN ADMINISTERING THE CREDIT UNION'S AFFAIRS;

14 (2) WILL REMAIN RESPONSIBLE FOR THE PERFORMANCE OF THE  
15 DUTIES OF THE DIRECTOR EVEN IF THE DIRECTOR DELEGATES THE PERFORMANCE  
16 OF THE DUTIES; AND

17 (3) WILL NOT KNOWINGLY OR WILLFULLY PERMIT THE VIOLATION OF  
18 AN APPLICABLE LAW OR REGULATION.

19 (E) THE CHAIRMAN AND, IF ANY, VICE CHAIRMAN OF THE BOARD SHALL BE  
20 ELECTED BY AND FROM THE DIRECTORS.

21 6-326.

22 (A) THE OFFICE OF A DIRECTOR BECOMES VACANT IF THE DIRECTOR:

23 (1) DIES;

24 (2) RESIGNS; OR

25 (3) IS REMOVED.

26 (B) A DIRECTOR MAY BE REMOVED FROM OFFICE:

27 (1) BY THE BOARD, IN ACCORDANCE WITH THE BYLAWS, IF THE  
28 DIRECTOR:

29 (I) DOES NOT POSSESS OR MAINTAIN THE QUALIFICATIONS  
30 REQUIRED TO SERVE ON THE BOARD; OR

31 (II) IS ABSENT FROM THREE CONSECUTIVE REGULAR MEETINGS  
32 OF THE BOARD UNLESS EXCUSED; OR

1 (2) BY THE MEMBERS.

2 (C) (1) UNLESS THE BYLAWS PROVIDE OTHERWISE, THE REMAINING  
3 DIRECTORS BY MAJORITY VOTE SHALL FILL A VACANCY.

4 (2) A DIRECTOR ELECTED BY THE BOARD TO FILL A VACANCY HOLDS  
5 OFFICE AS THE BYLAWS PROVIDE.

6 6-327.

7 (A) IF THE BYLAWS PROVIDE, A DIRECTOR EMERITUS MAY ADVISE AND  
8 CONSULT WITH THE BOARD AND AID THE BOARD IN CARRYING OUT THE BOARD'S  
9 DUTIES AND RESPONSIBILITIES.

10 (B) THE BYLAWS SHALL PROVIDE FOR:

11 (1) THE NUMBER OF DIRECTORS EMERITI; AND

12 (2) THE QUALIFICATIONS FOR A DIRECTOR EMERITUS.

13 (C) A DIRECTOR EMERITUS:

14 (1) SHALL BE A MEMBER OF THE CREDIT UNION; AND

15 (2) MAY NOT BE AN OFFICER OR AN OFFICIAL.

16 (D) A DIRECTOR EMERITUS MAY NOT:

17 (1) PARTICIPATE IN ANY BOARD OR COMMITTEE DELIBERATIONS;

18 (2) MAKE MOTIONS; OR

19 (3) VOTE ON ANY MATTER BEFORE THE BOARD.

20 [ 6-214.] 6-328.

21 (A) [The] IN ADDITION TO ANY POWER OR DUTY PROVIDED FOR BY LAW, THE  
22 board [of directors] shall:

23 (1) [Meet as often as necessary;

24 (2)] Act on each application for membership [and each proposed  
25 expulsion of a member];

26 [(3)] (2) [Set] APPROVE the amount of [the] ANY BLANKET fidelity  
27 bond AND ANY APPROPRIATE INSURANCE OR SURETY BOND [required for each officer  
28 who has custody of credit union funds];

29 [(4)] (3) Limit the number of shares OR DEPOSITS that a member OR  
30 DEPOSITOR may hold;

- 1            [(5)]    (4)    Limit the amount that the credit union may lend to [a] ANY  
2 ONE member and [set] ESTABLISH the interest rate on [the loan] ALL LOANS;
- 3            [(6)]    (5)    [Declare dividends] DETERMINE THE INTEREST RATE ON  
4 DEPOSITS AND THE MANNER OF CALCULATION;
- 5            [(7)]    Recommend amendments to the bylaws;
- 6            (8)    Fill any vacancy on the board of directors by appointing an individual  
7 to serve until a successor is elected and qualifies;
- 8            (9)]    (6)    In the absence of a credit committee, appoint one or more loan  
9 officers and delegate to those officers the power to approve or disapprove loans and  
10 lines of credit IN ACCORDANCE WITH WRITTEN POLICIES ESTABLISHED BY THE  
11 BOARD;
- 12           [(10)]   (7)    In the absence of a credit committee and upon written request  
13 of a member, review a loan application denied by a loan officer OR ESTABLISH A  
14 SUBCOMMITTEE OF THE BOARD FOR THIS PURPOSE;
- 15           [(11)]   (8)    Fill any vacancy on the supervisory committee or, IF ANY, a  
16 credit committee [created under the bylaws by appointing an individual to serve until  
17 a successor is appointed and qualifies];
- 18           [(12)]   (9)    [Have charge of] MANAGE the investment of credit union  
19 funds[, other than loans to members] IN ACCORDANCE WITH WRITTEN INVESTMENT  
20 POLICIES ESTABLISHED BY THE BOARD;
- 21           [(13)]   (10)   Set the amount of compensation for the [treasurer]  
22 PRESIDENT;
- 23           [(14)]   (11)   Appoint standing or special committees, as necessary, to carry  
24 on the business of the credit union AND PRESCRIBE CONDITIONS AND LIMITATIONS  
25 FOR ANY COMMITTEE THAT THE BOARD APPOINTS; [and]
- 26           (12)    APPROVE AN ANNUAL OPERATING BUDGET FOR THE CREDIT UNION;
- 27           (13)    ESTABLISH AND ADOPT WRITTEN POLICIES NECESSARY TO  
28 IMPLEMENT THE POWERS AND DUTIES OF THE CREDIT UNION, INCLUDING POLICIES  
29 ON:
- 30                    (I)    LOANS AND LENDING;
- 31                    (II)    INVESTMENTS;
- 32                    (III)    EMPLOYMENT AND PERSONNEL;
- 33                    (IV)    FUNDS MANAGEMENT;
- 34                    (V)    COLLECTIONS;

- 1 (VI) CHARGE OFFS; AND
- 2 (VII) EXPULSION OF MEMBERS;
- 3 (14) MAKE ADEQUATE PROVISION FOR:
- 4 (I) INVESTMENT LOSSES;
- 5 (II) THE STATUTORY RESERVE ACCOUNT;
- 6 (III) ANY SPECIAL RESERVE ACCOUNT; AND
- 7 (IV) THE ALLOWANCE FOR A LOAN AND LEASE LOSS ACCOUNT;
- 8 (15) DETERMINE THE AMOUNT, IF ANY, THAT MAY BE ASSESSED FOR
- 9 LATE FEES OR OTHER CHARGES;
- 10 (16) DELEGATE TO THE OFFICERS, EMPLOYEES, OR COMMITTEES DUTIES
- 11 AS THE BOARD MAY DEEM APPROPRIATE;
- 12 (17) ESTABLISH AND MAINTAIN A SYSTEM OF INTERNAL CONTROLS
- 13 CONSISTENT WITH SAFETY AND SOUNDNESS AND GENERALLY ACCEPTED
- 14 ACCOUNTING PRINCIPLES; AND
- 15 [(15)] (18) Except for any instance where, in the judgment of the board
- 16 [of directors], it would result in damage to the credit union's financial soundness or
- 17 would otherwise force the board [of directors] to abrogate their fiduciary
- 18 responsibility, perform every other duty that the members require.
- 19 (B) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPHS (2) AND (3) OF THIS
- 20 SUBSECTION, THE BOARD MAY SUSPEND A MEMBER OF THE SUPERVISORY
- 21 COMMITTEE.
- 22 (2) THE SUSPENSION:
- 23 (I) SHALL BE BY A TWO-THIRDS VOTE OF THE BOARD; AND
- 24 (II) TAKES EFFECT IMMEDIATELY AND REMAINS IN EFFECT UNTIL
- 25 THE BOARD CONVENES A MEETING OF THE MEMBERS TO VOTE ON THE SUSPENSION.
- 26 (3) IMMEDIATELY AFTER THE BOARD VOTES TO SUSPEND A MEMBER OF
- 27 THE SUPERVISORY COMMITTEE, THE BOARD SHALL:
- 28 (I) CALL A MEETING OF THE MEMBERS, TO BE HELD NO LATER
- 29 THAN 15 DAYS AFTER THE DATE OF THE SUSPENSION, FOR THE PURPOSE OF VOTING
- 30 ON THE SUSPENSION; AND
- 31 (II) NOTIFY THE COMMISSIONER IN WRITING ABOUT THE
- 32 SUSPENSION.

1 [6-215.] 6-329.

2 (a) Subject to the provisions of this section, the directors [of a credit union]  
3 may be elected exclusively by mail ballot if:

4 (1) The board [of directors] of the credit union, by resolution posted  
5 conspicuously at the principal office of the credit union at least 90 days before the  
6 annual meeting of the members of the credit union, authorize the election of directors  
7 exclusively by mail ballot; or

8 (2) (i) The bylaws provide for the election of directors exclusively by  
9 mail ballot; and

10 (ii) Notice of the election and the annual meeting is posted  
11 conspicuously at the principal office of the credit union at least 90 days prior to the  
12 date of the annual meeting.

13 (b) (1) At least 75 days before the annual meeting, the board [of directors]  
14 of the credit union shall appoint a nominating committee of at least three members.

15 (2) The nominating committee shall nominate at least one member for  
16 each vacancy on the board [of directors], after determining that a proposed nominee  
17 agrees to permit the nomination and, if elected, to accept the office.

18 (3) The nominating committee shall file its nominations with the  
19 secretary of the credit union at least 60 days before the annual meeting.

20 (4) The secretary shall post these nominations conspicuously at the  
21 principal office of the credit union at least 55 days before the annual meeting.

22 (c) (1) (i) [One] THE LESSER OF 1 percent OR 500 of the members IN  
23 GOOD STANDING, [with a minimum of] BUT IN ANY CASE NO LESS THAN 20 [and a  
24 maximum of 500], may nominate candidates for directorships by signing a petition.

25 (ii) [The] EACH PAGE OF THE petition shall include [a certificate of  
26 each nominee that the nominee agrees to permit the nomination and, if elected, to  
27 accept the office]:

28 1. THE NAME OF THE CREDIT UNION; AND

29 2. THE NAME OF THE NOMINEE.

30 (iii) Each petition shall contain:

31 1. [the] THE printed or typed names, signatures, DATE, and  
32 account numbers of those members IN GOOD STANDING signing the petition; AND

33 2. A CERTIFICATE BY EACH NOMINEE THAT THE NOMINEE  
34 AGREES TO PERMIT THE NOMINATION AND, IF ELECTED, TO ACCEPT THE OFFICE.

1 (IV) THE NOMINATING COMMITTEE SHALL DETERMINE THE  
2 VALIDITY OF ANY PETITION.

3 (2) Petitioners shall file their nomination with the secretary of the credit  
4 union at least [45] 55 days before the annual meeting.

5 (3) The secretary shall post these nominations conspicuously at the  
6 principal office of the credit union at least 20 days before the annual meeting.

7 (d) (1) When only [1] ONE member is nominated for a position to be filled,  
8 the chairman may:

9 (i) Take a voice vote; or

10 (ii) Declare the nominee elected by general consent or acclamation  
11 at the annual meeting.

12 (2) If the nominations of the nominating committee and any petitioners  
13 provide more than one nominee for each directorship to be filled, the secretary shall  
14 mail to each member [eligible to vote] IN GOOD STANDING, at least 20 days before the  
15 annual meeting:

16 (i) A printed ballot, clearly identified as a ballot, on which appears  
17 the name of each nominee, in alphabetical order, and on which, in the form that the  
18 board [of directors] approves, may appear after a nominee's name:

19 1. [a] A brief statement of the nominee's qualifications and  
20 biographical information; AND

21 2. IF APPLICABLE, A NOTATION THAT THE NOMINEE IS THE  
22 INCUMBENT;

23 (ii) A postage prepaid and preaddressed envelope clearly marked  
24 with instructions to place the completed ballot and the identification form in the  
25 envelope and seal the envelope; and

26 (iii) An identification form to be completed to include the name,  
27 address, signature, and credit union account number of the voter.

28 (3) One form may be printed that represents a combined ballot and  
29 identification form.

30 (e) The board [of directors] shall appoint the tellers of the election.

31 (f) The tellers of an election may not count a ballot unless it is:

32 (1) Mailed to the tellers; and

33 (2) Received by the tellers not later than midnight of the 7th day before  
34 the date of the annual meeting.



1 (g) The tellers of the election shall:

2 (1) Verify or cause to be verified the name of each voter and the credit  
3 union account number of the voter as it appears on the identification form;

4 (2) Authenticate any questionable or challenged identification form;

5 (3) Keep the verified identification form and ballot for safekeeping  
6 pending the count of the vote;

7 (4) Keep separate any questionable or challenged identification form and  
8 ballot until the authentication, verification, or challenge is resolved;

9 (5) Determine that each eligible voter does not vote more than once AND  
10 IS A MEMBER IN GOOD STANDING; and

11 (6) After the time set in subsection (f) (2) of this section, tally the votes  
12 and report the results to the board [of directors].

13 (h) The board [of directors of the credit union] shall report the results of the  
14 election at the annual meeting of the members.

15 [6-216.] 6-330.

16 [(a) The directors shall elect an executive officer, who may be designated as  
17 chairman of the board or president; a vice-chairman of the board or one or more  
18 vice-presidents; a treasurer; and a secretary. The persons elected shall be the  
19 executive officers of the credit union.

20 (b) At the first meeting of the board of directors after the annual meeting of  
21 the members, the board shall elect the executive officers and, if the bylaws so provide,  
22 an assistant secretary and assistant treasurer.

23 (c) The president or chairman of the board, as the case may be, shall be  
24 elected from among the members of the board of directors.

25 (d) If the bylaws so provide, one individual may hold the offices of secretary  
26 and treasurer.

27 (e) An officer holds office for the term that the bylaws provide.

28 (f) Each officer shall take an oath to perform faithfully the duties of the office.

29 (g) If the board of directors decides to choose a chairman of the board, and a  
30 vice-chairman of the board, instead of a president and vice-president, they may  
31 employ an officer in charge of operations whose title shall be either president or  
32 general manager.]

33 (A) WITHIN 15 DAYS AFTER THE ANNUAL MEETING OF THE MEMBERS AND  
34 AFTER THE DIRECTORS-ELECT HAVE QUALIFIED, THE BOARD SHALL MEET AND  
35 ELECT THE OFFICERS OF THE CREDIT UNION.

1 (B) UNLESS THE BYLAWS PROVIDE OTHERWISE:

2 (1) EACH OFFICER SERVES FOR A TERM OF 1 YEAR AND UNTIL A  
3 SUCCESSOR IS ELECTED AND QUALIFIES; AND

4 (2) THE PRESIDENT SHALL BE THE CHIEF EXECUTIVE OFFICER WHO  
5 SHALL BE RESPONSIBLE FOR THE DAY TO DAY OPERATIONS OF THE CREDIT UNION.

6 (C) SUBJECT TO THE PROVISIONS OF AN ENFORCEABLE EMPLOYMENT  
7 CONTRACT, IF ANY, THE BOARD MAY REMOVE AN OFFICER AT ANY TIME.

8 [6-217.

9 (a) The board of directors of a credit union may appoint a membership officer.

10 (b) The membership officer shall be appointed from among the members of the  
11 credit union and may not be a treasurer, assistant treasurer, or loan officer of the  
12 credit union.

13 (c) (1) The membership officer shall approve applications for membership in  
14 the credit union under the conditions that the board of directors sets.

15 (2) At each regular meeting of the board of directors, the membership  
16 officer shall submit a list of approved and pending applications that have been  
17 received since the previous meeting and any other related information that the  
18 bylaws or the board requires.]

19 [6-218.

20 (a) Except as otherwise provided in this title, a member of a committee holds  
21 office for the term that the bylaws provide.

22 (b) Each member of a committee shall take an oath to perform faithfully the  
23 duties of the office.]

24 [6-219.] 6-331.

25 [(a) Except for the treasurer, each officer elected by the board of directors is  
26 entitled to the compensation that the members authorize.

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  
29 to the approval of the Commissioner.]

30 (A) IN THIS SECTION, "COMPENSATION" MEANS ANYTHING OF VALUE GIVEN  
31 TO AN OFFICIAL THAT IS:

32 (1) IN EXCHANGE FOR SERVICES PERFORMED AS AN OFFICIAL; AND

33 (2) REPORTABLE AS INCOME TO THE INTERNAL REVENUE SERVICE OR  
34 THE COMPTROLLER OF THE STATE.

1 (B) EACH OFFICIAL IS ENTITLED TO THE COMPENSATION THAT:

2 (1) SUBJECT TO THE PROVISIONS OF SUBSECTION (C) OF THIS SECTION,  
3 THE MEMBERS AUTHORIZE; AND

4 (2) EXCEPT AS PROVIDED IN SUBSECTION (D)(2) OF THIS SECTION, IS  
5 APPROVED BY THE COMMISSIONER.

6 (C) (1) ALL COMPENSATION TO BE PAID UNDER SUBSECTION (B) OF THIS  
7 SECTION SHALL BE AUTHORIZED BY A VOTE OF THE MEMBERS AT THE ANNUAL  
8 MEETING OF THE MEMBERSHIP IN ACCORDANCE WITH § 6-317 OF THIS SUBTITLE.

9 (2) WRITTEN DISCLOSURE OF THE PROPOSED COMPENSATION AND  
10 EACH OFFICIAL'S EXPENSES SHALL BE MADE TO ALL MEMBERS IN GOOD STANDING  
11 NOT LESS THAN 30 DAYS AND NOT MORE THAN 90 DAYS BEFORE THE ANNUAL  
12 MEETING OF MEMBERS.

13 (3) THE WRITTEN DISCLOSURE REQUIRED UNDER PARAGRAPH (2) OF  
14 THIS SUBSECTION SHALL CONTAIN AT LEAST THE FOLLOWING INFORMATION:

15 (I) THE PROPOSED DOLLAR AMOUNT OF COMPENSATION THAT  
16 WILL BE PAID TO EACH OFFICIAL ON A PER MEETING OR OTHER APPLICABLE BASIS;

17 (II) THE AGGREGATE DOLLAR AMOUNT OF COMPENSATION PAID  
18 TO ALL OFFICIALS FOR THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF  
19 THE NOTICE OF THE ANNUAL MEETING OF MEMBERS;

20 (III) 1. A REASONABLE ESTIMATE OF THE AGGREGATE DOLLAR  
21 AMOUNT OF COMPENSATION TO BE PAID TO ALL OFFICIALS FOR THE FOLLOWING 12  
22 MONTH PERIOD ASSUMING:

23 A. THAT THE PROPOSED COMPENSATION IS APPROVED; AND

24 B. THE SAME NUMBER OF MEETINGS AS WERE HELD  
25 DURING THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THE NOTICE OF  
26 THE ANNUAL MEETING OF MEMBERS; OR

27 2. A STATEMENT THAT THE COMPENSATION TO BE PAID TO  
28 ALL OFFICIALS WILL REMAIN THE SAME AS IT WAS DURING THE 12 MONTHS  
29 IMMEDIATELY PRECEDING THE DATE OF THE NOTICE OF THE ANNUAL MEETING OF  
30 MEMBERS; AND

31 (IV) THE AGGREGATE DOLLAR AMOUNT OF ALL OFFICIALS'  
32 EXPENSES, EXCLUDING COMPENSATION, FOR THE 12 MONTHS IMMEDIATELY  
33 PRECEDING THE DATE OF THE NOTICE OF THE ANNUAL MEETING OF MEMBERS.

34 (4) (I) THE WRITTEN DISCLOSURE SHALL BE CONSPICUOUSLY SET  
35 APART FROM OTHER INFORMATION PROVIDED TO THE MEMBERS.

36 (II) THE WRITTEN DISCLOSURE MAY BE INCLUDED IN:

- 1 THE NOTICE OF THE ANNUAL MEETING OF THE
- 2 MEMBERS;
- 3
- 4 2. A SEPARATE MAILING;
- 5 3. A PERIODIC STATEMENT OF ACCOUNT; OR
- 6 4. A PERIODIC PUBLICATION OF THE CREDIT UNION.

7 (D) (1) ALL REQUESTS FOR THE COMMISSIONER'S APPROVAL UNDER  
8 SUBSECTION (B) OF THIS SECTION SHALL:

9 (I) BE MADE IN WRITING; AND

10 (II) CONTAIN A CERTIFICATION BY THE PRESIDENT OF THE CREDIT  
11 UNION THAT THE COMPENSATION HAS BEEN AUTHORIZED BY THE MEMBERSHIP IN  
12 ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION.

13 (2) THE COMMISSIONER'S APPROVAL IS NOT REQUIRED IF THE CREDIT  
14 UNION:

15 (I) WAS RATED "1" OR "2" AS OF THE LAST EXAMINATION  
16 CONDUCTED BY THE COMMISSIONER; AND

17 (II) HAS A POSITIVE NET INCOME AS OF THE END OF THE PREVIOUS  
18 CALENDAR YEAR.

19 [6-220.] 6-332.

20 (a) [With the approval of the Commissioner, the] A board [of directors] may  
21 call a special meeting of the members [of the credit union] to act on a report or  
22 recommendation of the supervisory committee that concerns the suspension from  
23 office of a member of the credit committee, a director, or an officer.

24 (b) The notice of the special meeting shall be given within 7 days after the  
25 board receives the report or recommendation.

26 6-333.

27 (A) THE BOARD SHALL PREPARE A PLAN FOR EDUCATING EACH OFFICIAL AS  
28 TO THE DUTIES AND RESPONSIBILITIES THAT ACCOMPANY THE OFFICIAL'S  
29 POSITION.

30 (B) THE EDUCATION PLAN MAY INCLUDE REQUIRING AN OFFICIAL TO:

31 (1) READ MATERIALS;

32 (2) ATTEND SEMINARS, CONFERENCES, OR WORKSHOPS; OR

(3) REVIEW FILMS OR TAPES.

1 (C) THE PREPARATION OF AND COMPLIANCE WITH AN EDUCATION PLAN  
2 DEVELOPED UNDER THIS SECTION MAY NOT BE CONSTRUED TO LIMIT THE CIVIL OR  
3 CRIMINAL LIABILITY OF AN OFFICIAL ARISING FROM AN ACT OR OMISSION BY THE  
4 OFFICIAL IN THE PERFORMANCE OF ANY DUTY OR RESPONSIBILITY OF THE  
5 OFFICIAL.

6 Subtitle [3.] 4. Examinations and Reports.

7 [6-301.] 6-401.

8 (a) Each credit union shall have a supervisory committee.

9 (b) The board [of directors of the credit union] shall appoint the members of  
10 the supervisory committee AT:

11 (1) THE FIRST MEETING OF THE BOARD FOLLOWING THE ANNUAL  
12 MEETING OF THE MEMBERS; AND

13 (2) ANY TIME THERE IS A VACANCY.

14 (c) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPH (2) OF THIS  
15 SUBSECTION, THE [The] board [of directors] shall determine the number of  
16 members on the supervisory committee[, but the].

17 (2) THE SUPERVISORY committee shall have at least three and not more  
18 than seven members.

19 (d) (1) Each member of the supervisory committee shall be appointed from  
20 among the members of the credit union.

21 (2) Not more than one member of the supervisory committee may be a  
22 director.

23 (3) [The treasurer] AN OFFICER of the credit union, a member of the  
24 credit committee, or an employee of the credit union may not be a member of the  
25 supervisory committee.

26 (4) AT LEAST ONE MEMBER OF THE SUPERVISORY COMMITTEE SHALL  
27 HAVE EXPERIENCE IN:

28 (I) ACCOUNTING;

29 (II) AUDITING; OR

30 (III) GENERAL BUSINESS.

31 (5) EACH MEMBER OF THE SUPERVISORY COMMITTEE:

32 (I) SHALL BE BONDED;

33 (II) SHALL BE A CITIZEN OF THE UNITED STATES;

1 (III) MAY NOT HAVE BEEN CONVICTED OF ANY CRIMINAL OFFENSE  
2 INVOLVING DISHONESTY OR BREACH OF TRUST;

3 (IV) MAY NOT HAVE HABITUALLY NEGLECTED TO PAY ANY DEBTS;

4 (V) MAY NOT BECOME INSOLVENT OR BANKRUPT WHILE SERVING  
5 ON THE SUPERVISORY COMMITTEE; AND

6 (VI) MAY NOT HAVE BEEN REMOVED BY THE COMMISSIONER OR  
7 ANY STATE OR FEDERAL REGULATORY AGENCY AS AN OFFICER, OFFICIAL, OR  
8 EMPLOYEE OF A FINANCIAL INSTITUTION.

9 (E) THE MEMBERS OF THE SUPERVISORY COMMITTEE SHALL ELECT THE  
10 CHAIRMAN OF THE SUPERVISORY COMMITTEE:

11 (1) AT THE BEGINNING OF EACH TERM OF APPOINTMENT TO THE  
12 COMMITTEE; AND

13 (2) AT ANY TIME THERE IS A VACANCY AND THE BOARD IS NOTIFIED.

14 [(e)] (F) A member of the supervisory committee serves for 1 year and until a  
15 successor is appointed and qualifies.

16 [(f)] The supervisory committee shall fill any vacancy on the committee by  
17 appointing an individual to serve until the next regular meeting of the board of  
18 directors.]

19 (G) EACH MEMBER OF THE SUPERVISORY COMMITTEE SHALL TAKE AN OATH  
20 TO PERFORM FAITHFULLY THE DUTIES OF THE OFFICE.

21 (H) (1) THE BOARD SHALL APPROPRIATE FUNDS:

22 (I) FOR AN AUDIT CONDUCTED BY AN OUTSIDE AUDITOR; AND

23 (II) IF REQUIRED, FOR AN INTERNAL AUDITING FUNCTION.

24 (2) THE SUPERVISORY COMMITTEE HAS THE SOLE AUTHORITY TO  
25 ENGAGE OR TERMINATE OUTSIDE AND INTERNAL AUDITORS.

26 [6-302.] 6-402.

27 [(a)] The supervisory committee of a credit union shall inspect the securities,  
28 cash, and accounts of the credit union.

29 (b) (1) At least semiannually, the supervisory committee shall audit the  
30 affairs of the credit union and make a full report on its audit to the board of directors.  
31 The report for the period ending December 31 shall be read at the annual meeting of  
32 the members of the credit union and kept with the records of the credit union.

33 (2) In making an audit, the supervisory committee shall:

- 1 (i) Determine whether the reserve fund is sufficient;
- 2 (ii) Examine the checkbook stubs to determine whether the balance  
3 is correct;
- 4 (iii) Examine the bank statements to determine whether they  
5 reconcile;
- 6 (iv) Compare the dates of deposits as shown on the bank statements  
7 with the collection sheets to determine whether collections were deposited promptly;
- 8 (v) Determine whether the balance in the checkbook on a given  
9 date plus all outstanding checks agree with the balance shown on the bank statement  
10 for that date;
- 11 (vi) Examine notes for personal loans made during the period  
12 audited and compare them with the loan accounts;
- 13 (vii) Determine whether loan applications for the period audited are  
14 in good order as the bylaws require;
- 15 (viii) Determine whether all loans 1 month or more in arrears are  
16 listed for submission to the board of directors for action;
- 17 (ix) Determine whether the posting of share, deposit, and loan  
18 accounts is up to date;
- 19 (x) Determine whether the total of the share account balances  
20 agrees with the balance of the shares account in the general ledger;
- 21 (xi) Determine whether the total of the deposit account balances  
22 agrees with the balance of the deposits account in the general ledger;
- 23 (xii) Determine whether the total of the loan account balances  
24 agrees with the balance of the loans account in the general ledger;
- 25 (xiii) Inspect the record of receipts and disbursements and canceled  
26 checks to determine whether they are correct; and
- 27 (xiv) Examine the minutes of the board of directors' meetings to  
28 determine whether they are current.
- 29 (c) At least once every 2 years, the supervisory committee shall authenticate  
30 the passbooks and accounts of all members of the credit union with the records of the  
31 treasurer. The committee shall keep a record of the authentication.
- 32 (d) By unanimous vote, the supervisory committee at any time may  
33 recommend to the board of directors the suspension of a member of the credit  
34 committee, a director, or an officer.

1 (e) The supervisory committee shall send to the Commissioner a copy of all  
2 recommendations, charges, and findings that the committee presents to the board of  
3 directors.]

4 (A) THE SUPERVISORY COMMITTEE IS RESPONSIBLE FOR ENSURING THAT  
5 THE OFFICIALS AND OFFICERS:

6 (1) MEET REQUIRED FINANCIAL REPORTING OBJECTIVES; AND

7 (2) ESTABLISH PRACTICES AND PROCEDURES SUFFICIENT TO  
8 SAFEGUARD MEMBERS' ASSETS.

9 (B) TO MEET ITS RESPONSIBILITIES, THE SUPERVISORY COMMITTEE SHALL  
10 DETERMINE WHETHER:

11 (1) INTERNAL CONTROLS ARE:

12 (I) ESTABLISHED AND EFFECTIVELY MAINTAINED TO ACHIEVE  
13 THE CREDIT UNION'S FINANCIAL REPORTING OBJECTIVES; AND

14 (II) SUFFICIENT TO SATISFY THE REQUIREMENTS OF THE  
15 SUPERVISORY COMMITTEE AUDIT, VERIFICATION OF MEMBERS' ACCOUNTS, AND  
16 THE SUPERVISORY COMMITTEE'S ADDITIONAL RESPONSIBILITIES;

17 (2) THE CREDIT UNION'S ACCOUNTING RECORDS AND FINANCIAL  
18 REPORTS ARE PROMPTLY PREPARED AND ACCURATELY REFLECT OPERATIONS AND  
19 RESULTS;

20 (3) THE RELEVANT PLANS, POLICIES, AND CONTROL PROCEDURES  
21 ESTABLISHED BY THE BOARD ARE PROPERLY ADMINISTERED; AND

22 (4) THE BOARD'S PLANS, POLICIES, AND CONTROL PROCEDURES ARE  
23 SUFFICIENT TO SAFEGUARD AGAINST ERROR, CARELESSNESS, CONFLICT OF  
24 INTEREST, SELF-DEALING, AND FRAUD.

25 (C) (1) THE SUPERVISORY COMMITTEE SHALL SUBMIT:

26 (I) A REPORT ON THE ANNUAL AUDIT TO THE BOARD; AND

27 (II) A SUMMARY OF THE REPORT ON THE ANNUAL AUDIT TO THE  
28 MEMBERS AT THE ANNUAL MEETING OF THE MEMBERS.

29 (2) THE SUPERVISORY COMMITTEE SHALL CONDUCT OR CAUSE TO BE  
30 CONDUCTED AND SHALL SUBMIT TO THE BOARD, SUPPLEMENTARY AUDITS AS THE  
31 SUPERVISORY COMMITTEE DEEMS NECESSARY.

32 (3) THE SUPERVISORY COMMITTEE SHALL SUBMIT WRITTEN REPORTS  
33 PERIODICALLY TO THE BOARD ADDRESSING ACTIVITIES SINCE THE LAST REPORT.



1 (D) (1) THE SUPERVISORY COMMITTEE AUDIT OF A CREDIT UNION SHALL  
2 OCCUR AT LEAST ONCE EACH CALENDAR YEAR AND SHALL COVER THE PERIOD  
3 ELAPSED SINCE THE LAST AUDIT PERIOD.

4 (2) THE SUPERVISORY COMMITTEE ANNUAL AUDIT SHALL MEET THE  
5 FOLLOWING MINIMUM GUIDELINES:

6 (I) A CREDIT UNION WITH ASSETS OVER \$250,000,000 SHALL HAVE  
7 AN OPINION AUDIT OF THE CREDIT UNION'S FINANCIAL STATEMENTS PERFORMED  
8 BY AN INDEPENDENT LICENSED CERTIFIED PUBLIC ACCOUNTANT; AND

9 (II) A CREDIT UNION WITH ASSETS OF LESS THAN \$250,000,000 MAY  
10 SATISFY THE AUDIT REQUIREMENTS BY:

11 1. AN OPINION AUDIT OF THE CREDIT UNION'S FINANCIAL  
12 STATEMENTS PERFORMED BY AN INDEPENDENT LICENSED CERTIFIED PUBLIC  
13 ACCOUNTANT;

14 2. IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH  
15 (3) OF THIS SUBSECTION, AN AGREED UPON PROCEDURES ENGAGEMENT  
16 PERFORMED BY A QUALIFIED PERSON WITH APPROPRIATE KNOWLEDGE OF  
17 AUDITING CONCEPTS AND CREDIT UNION PROCEDURES; OR

18 3. AN AUDIT PERFORMED BY THE SUPERVISORY  
19 COMMITTEE OR THE CREDIT UNION'S INTERNAL AUDITORS.

20 (3) THE FOLLOWING MINIMUM PROCEDURES SHALL BE SATISFIED  
21 UNDER PARAGRAPHS (2)(II)2 AND (2)(II)3 OF THIS SUBSECTION:

22 (I) DETERMINE THAT THE RESERVE FUND IS SUFFICIENT IN  
23 ACCORDANCE WITH § 6-703 OF THIS TITLE;

24 (II) DETERMINE THAT THE CREDIT UNION MEETS MINIMUM NET  
25 WORTH REQUIREMENTS IN ACCORDANCE WITH § 6-702 OF THIS TITLE;

26 (III) REVIEW AND TEST THE BANK STATEMENT RECONCILIATIONS  
27 BY TESTING FOR MATHEMATICAL ACCURACY AND ENSURING THAT RECONCILING  
28 ITEMS ARE REASONABLE AND CLEAR PROMPTLY;

29 (IV) PERFORM AN ANNOUNCED CASH COUNT AT SOME TIME  
30 DURING THE PERIOD COVERED BY THE AUDIT AND ENSURE THAT THE AMOUNT OF  
31 CASH COUNTED AGREES TO THE GENERAL LEDGER;

32 (V) REVIEW A SUFFICIENT NUMBER OF CURRENT AND  
33 DELINQUENT LOANS TO DETERMINE WHETHER OR NOT THEY ARE IN ACCORDANCE  
34 WITH THE CREDIT UNION'S UNDERWRITING POLICIES AND PROCEDURES AS  
35 ESTABLISHED BY THE BOARD;

36 (VI) DETERMINE THAT THE TRIAL BALANCE LISTING OF LOANS  
37 AGREES WITH THE GENERAL LEDGER;

1 (VII) DETERMINE THAT THE ALLOWANCE FOR THE LOAN AND LEASE  
2 LOSS ACCOUNT MEETS THE MINIMUM STANDARDS REQUIRED UNDER § 6-704 OF THIS  
3 TITLE;

4 (VIII) DETERMINE THAT ALL LOANS THAT ARE DELINQUENT 60 DAYS  
5 OR MORE ARE REPORTED TO THE BOARD MONTHLY;

6 (IX) DETERMINE THAT THE INVESTMENT SUBSIDIARY OR LIST OF  
7 INVESTMENTS AGREES WITH THE GENERAL LEDGER BY PERFORMING THE  
8 FOLLOWING PROCEDURES:

9 1. COMPARE THE BALANCE OF INVESTMENTS AND ACCRUED  
10 INTEREST RECEIVABLE FROM THE SUBSIDIARY LEDGER TO THE GENERAL LEDGER;

11 2. CHOOSE A SAMPLE OF INVESTMENTS AND COMPARE THE  
12 MARKET VALUE PER THE SUBSIDIARY LEDGER TO AN OUTSIDE SOURCE;

13 3. TEST THE ACCRUED INTEREST AND COMPARE IT TO THE  
14 SUBSIDIARY LEDGER;

15 4. TEST A SAMPLE OF INVESTMENT PURCHASES OR SALES  
16 DURING THE AUDIT PERIOD FOR PROPER AUTHORIZATION TO MAKE SURE THAT THE  
17 ACCOUNTING TREATMENT IS CORRECT, COMPARE THE TERMS OF THE  
18 TRANSACTIONS TO A BROKER ADVICE, AND MAKE SURE THAT THE INVESTMENT IS IN  
19 ACCORDANCE WITH BOARD POLICY; AND

20 5. CONFIRM ALL INVESTMENTS WITH ANY DEPOSITORY  
21 INSTITUTION, BROKER, OR THIRD PARTY SAFEKEEPING AGENT, OR INSPECT THE  
22 ORIGINAL CERTIFICATE, IF IT IS IN THE POSSESSION OF THE CREDIT UNION;

23 (X) DETERMINE THAT THE TRIAL BALANCE LISTING OF SHARES  
24 AND DEPOSITS AGREES WITH THE GENERAL LEDGER;

25 (XI) PERFORM A MINIMUM OF 20 SHARE AND DEPOSIT DIVIDEND  
26 AND INTEREST CALCULATIONS PAID DURING THE AUDIT PERIOD;

27 (XII) OBTAIN A LIST OF ALL OVERDRAWN SHARE AND DEPOSIT  
28 ACCOUNTS AND DETERMINE THAT MANAGEMENT IS ATTEMPTING TO COLLECT  
29 THESE ITEMS;

30 (XIII) OBTAIN A LISTING OF OTHER ASSET AND OTHER LIABILITY  
31 ACCOUNTS, MAKE A SELECTION OF FIVE OF THESE ACCOUNTS INCLUDING ANY  
32 SUSPENSE OR CLEARING ACCOUNTS, AND PERFORM THE FOLLOWING PROCEDURES:

33 1. OBTAIN RECONCILIATIONS OF THE SELECTED ACCOUNTS  
34 AND COMPARE THE BALANCE TO THE GENERAL LEDGER;

35 2. TEST THE MATHEMATICAL ACCURACY OF THE  
36 RECONCILIATION; AND

1                                   3.       DETERMINE WHETHER ANY RECONCILING ITEMS HAVE  
2 BEEN OUTSTANDING FOR MORE THAN 30 DAYS;

3                                   (XIV)   PERFORM A MINIMUM OF 20 LOAN INTEREST CALCULATIONS  
4 COLLECTED DURING THE AUDIT PERIOD;

5                                   (XV)   REVIEW THE MINUTES OF THE BOARD MEETINGS TO ENSURE  
6 THAT THEY DOCUMENT RELEVANT DECISIONS, INCLUDING DECISIONS ABOUT  
7 CHARGED OFF LOANS, INTEREST RATE CHANGES, POLICY CHANGES, INTEREST AND  
8 DIVIDEND RATES, PERSONNEL ISSUES, AND THE ANNUAL BUDGET; AND

9                                   (XVI)   OTHER AUDITING PROCEDURES AS ARE DEEMED NECESSARY  
10 BY THE BOARD, THE COMMISSIONER, OR THE SUPERVISORY COMMITTEE.

11       (E)     (1)     AT LEAST ONCE EVERY 2 YEARS THE SUPERVISORY COMMITTEE OR  
12 ITS DESIGNEE SHALL VERIFY THE ACCOUNTS OF THE MEMBERS IN ACCORDANCE  
13 WITH PARAGRAPH (2) OF THIS SUBSECTION.

14                                   (2)     THE VERIFICATION SHALL BE PERFORMED USING ONE OF THE  
15 FOLLOWING METHODS:

16                                   (I)     A 100% VERIFICATION OF THE SHARE AND LOAN ACCOUNTS OF  
17 ALL MEMBERS;

18                                   (II)    A STATISTICAL SAMPLING OF MEMBER SHARE AND LOAN  
19 ACCOUNTS DONE IN CONNECTION WITH AN OPINION AUDIT OF THE FINANCIAL  
20 STATEMENTS PERFORMED BY A LICENSED CERTIFIED PUBLIC ACCOUNTANT; OR

21                                   (III)   A STATISTICAL SAMPLING METHOD THAT PROVIDES A RANDOM  
22 SELECTION THAT IS EXPECTED TO BE REPRESENTATIVE OF THE MEMBERSHIP.

23       (F)     (1)     A CREDIT UNION WITH ASSETS IN EXCESS OF \$250,000,000 SHALL  
24 HAVE AN INTERNAL AUDIT FUNCTION IN ACCORDANCE WITH PARAGRAPH (2) OF  
25 THIS SUBSECTION.

26                                   (2)     THE SUPERVISORY COMMITTEE SHALL:

27                                   (I)     HIRE ONE OR MORE INTERNAL AUDITORS TO ASSIST THE  
28 SUPERVISORY COMMITTEE IN THE PERFORMANCE OF THE AUDIT DUTIES OF THE  
29 SUPERVISORY COMMITTEE;

30                                   (II)    ADOPT AND EXECUTE AN ANNUAL INTERNAL AUDIT PLAN  
31 THAT ADHERES TO BOARD POLICIES AND INCLUDES:

32   1.       AN EVALUATION OF INTERNAL CONTROLS; AND

33   2.       OPERATIONAL PROCEDURES; AND

34                                   (III)   DIRECT THE DUTIES OF THE INTERNAL AUDITOR.

1 (G) ANY AGREEMENT BETWEEN THE SUPERVISORY COMMITTEE AND AN  
2 OUTSIDE AUDITOR SHALL BE DOCUMENTED BY AN ENGAGEMENT LETTER THAT  
3 SPECIFIES THE TERMS, CONDITIONS, AND OBJECTIVES OF THE ARRANGEMENT.

4 (H) (1) ALL WORK PERFORMED BY THE SUPERVISORY COMMITTEE,  
5 OUTSIDE AUDITORS, OR INTERNAL AUDITORS SHALL BE DOCUMENTED BY  
6 APPROPRIATE WORK PAPERS.

7 (2) THE COMMISSIONER SHALL HAVE ACCESS TO THE WORK PAPERS  
8 FOR A PERIOD OF UP TO 3 YEARS AFTER THE COMPLETION OF THE AUDIT  
9 PROCEDURE.

10 (I) (1) AT ANY TIME, BY A UNANIMOUS VOTE, THE SUPERVISORY  
11 COMMITTEE MAY SUSPEND A DIRECTOR, AN OFFICER, OR A MEMBER OF THE CREDIT  
12 COMMITTEE FOR CAUSE.

13 (2) (I) SUBJECT TO THE PROVISIONS OF SUBPARAGRAPH (II) OF THIS  
14 PARAGRAPH, THE SUSPENSION WILL TAKE EFFECT IMMEDIATELY AND STAY IN  
15 FORCE UNTIL THE BOARD CONVENES A SPECIAL MEETING OF THE MEMBERS TO ACT  
16 ON THE SUSPENSION.

17 (II) THE MEETING OF THE MEMBERS SHALL TAKE PLACE NO LATER  
18 THAN 15 DAYS FROM THE DATE OF THE VOTE TO SUSPEND, FOR THE PURPOSE OF  
19 VOTING ON THE SUSPENSION.

20 (3) THE SUPERVISORY COMMITTEE SHALL NOTIFY THE COMMISSIONER  
21 IN WRITING IMMEDIATELY AT THE TIME OF THE SUSPENSION OF THE DIRECTOR,  
22 OFFICER, OR MEMBER OF THE CREDIT COMMITTEE.

23 (J) THE SUPERVISORY COMMITTEE SHALL SEND PROMPTLY TO THE  
24 COMMISSIONER A COPY OF THE ANNUAL AUDIT AND ALL RECOMMENDATIONS,  
25 CHARGES, AND SIGNIFICANT FINDINGS THAT THE SUPERVISORY COMMITTEE  
26 PRESENTS TO THE BOARD.

27 [6-303.] 6-403.

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

29 (1) The Commissioner; and

30 (2) An individual whom the Commissioner designates as examiner.

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

32 (1) At least once during each calendar year, unless the Commissioner  
33 determines that, during a calendar year, an examination is unnecessary, in which  
34 event an examination shall occur no less frequently than once every 18 months;

35 (2) When [asked to do so] REQUESTED by the board [of directors] or  
36 supervisory committee of the credit union; and

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

2 [(c) (1) This subsection applies only to a credit union with assets of less than  
3 \$300,000, as stated in the credit union's most recent financial report.

4 (2) For each examination of a credit union, the credit union shall pay the  
5 Commissioner the sum of:

6 (i) \$20; and

7 (ii) The lesser of:

8 1. \$40 a day for each examiner; or

9 2. \$20 plus 1/18 of 1 percent of assets of the credit union over  
10 \$10,000.]

11 [6-304.] 6-404.

12 (a) On or before March 31 of each year, each credit union shall report to the  
13 Commissioner on the business of the credit union during the preceding calendar year.

14 (b) The Commissioner may require any other reports from a credit union that  
15 the Commissioner considers necessary.

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

17 (1) On the form that the Commissioner provides; and

18 (2) Signed and acknowledged by:

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

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

22 (d) If a credit union fails to make any report as required by this title, the credit  
23 union shall pay to the Commissioner [5] \$50 for each day that the report is overdue.  
24 [6-305.] 6-405.

25 (A) If the Commissioner finds that the supervisory committee of a credit union  
26 is not performing its duties properly, the Commissioner may require the credit union  
27 to have a certified public accountant audit the credit union for any period of time that  
28 the Commissioner considers necessary.

29 (B) The audit REQUIRED UNDER SUBSECTION (A) OF THIS SECTION shall be  
30 made at the expense of the credit union.

1 [6-306.] 6-406.

2 (A) The board [of directors] may call a meeting of the members of the credit  
3 union to act on any practice of the credit union that the supervisory committee[, with  
4 the concurrence of the Commissioner,] considers unsafe or unauthorized.

5 (B) THE BOARD SHALL GIVE THE COMMISSIONER ADVANCE NOTICE OF A  
6 MEETING OF THE MEMBERS THAT IS CALLED UNDER SUBSECTION (A) OF THIS  
7 SECTION.

8 [6-308.] 6-407.

9 [As to any credit union that is insured under the Federal Credit Union Act, the  
10 Commissioner:

11 (1) Shall give the National Credit Union Administration and any official  
12 or examiner of that Administration access to all of the information that the  
13 Commissioner has as to the condition or affairs of the insured credit union; and

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

17 IN ORDER TO CARRY OUT THE PURPOSES OF THIS TITLE, THE COMMISSIONER  
18 MAY ENTER INTO COOPERATIVE AND INFORMATION SHARING AGREEMENTS WITH  
19 ANY OTHER CREDIT UNION SUPERVISORY AGENCY.

20 Subtitle [4.] 5. Deposits and Dividends.

21 [6-401.] 6-501.

22 [(a) (1)] As to each interest bearing or share account of each member or  
23 depositor in a credit union, the credit union shall generally make available to any  
24 member or depositor with an existing account, in addition to actually giving to the  
25 member or depositor, on the opening of the interest bearing or share account and,  
26 later, on demand of the member or depositor[:

27 (i) Written notice of:

28 1. The annual rate of simple interest currently in effect;

29 2. The dates, if any, on which the current rate of interest or  
30 dividends may be changed, and the terms and conditions under which each successive  
31 interest rate or dividend will be applied;

32 3. The date or point in time on which the deposit or shares  
33 begin to earn interest or a dividend;

- 1   4.         The method of determining the account balance on which  
2 interest earned or dividends paid is calculated, including the methods for day of  
3 deposit or purchase to day of withdrawal and low periodic balance;
- 4   5.         Whether interest is compounded and, where applicable,  
5 the period for compounding;
- 6   6.         The annual percentage yield in 1 year based on the rate of  
7 simple interest or dividends and compounding method;
- 8   7.         The date or point in time when interest or dividends  
9 earned is credited to the account;
- 10   8.         The method of determining the amount of loss of  
11 accumulated earned interest or dividends if an account is closed before the date on  
12 which interest or dividends are regularly credited;
- 13   9.         The policy on the availability of deposited funds or shares;  
14 and
- 15   10.        Any fees, charges, or penalties which may be applied and  
16 the conditions under which the fees, charges, or penalties may be assessed; and

17   (ii)        The] THE following written notice:

18         "Under Maryland law, all funds remaining in this interest bearing or share  
19 account become the property of this State after the account has been inactive for 5  
20 years and notice is sent to the member or depositor at that member's or depositor's  
21 last known address. This account will be considered inactive if the member or  
22 depositor has not: (1) increased or decreased the amount in the account; (2) presented  
23 the passbook or other similar evidence of the account for the crediting of interest or  
24 dividends; (3) written to this credit union about the account; (4) ENGAGED IN ANY  
25 CREDIT, SHARE, OR OTHER DEPOSIT TRANSACTION WITH THE CREDIT UNION; or  
26 [(4)] (5) otherwise indicated an interest in the account as evidenced by a  
27 memorandum on file with this credit union."

28   [(2)        Not less than 30 days before a credit union adopts any change  
29 regarding any information required under paragraph (1) (i) of this subsection, the  
30 credit union shall inform each member or depositor of the change in the credit union's  
31 periodic statement or by written notice.

32         (b)        A credit union shall pay at least 3 percent annual interest or dividends on  
33 each interest bearing or share account that is instituted for a specific purpose,  
34 including "Christmas" or "vacation" accounts, for a period of 1 year or less.

35         (c)        A credit union that fails to comply with subsection (a) or (b) of this section  
36 shall be liable to any member or depositor of the credit union who sustains any injury  
37 or loss as the result of the failure to comply for:

38   (1)        All foreseeable losses incurred by the member or depositor; and

1 (2) Reasonable attorney's fees.

2 (d) (1) Subject to paragraph (2) of this subsection, on or after October 1,  
3 1992, a credit union shall comply with the requirements in:

4 (i) Subsection (a) of this section; or

5 (ii) Final regulations adopted by the National Credit Union  
6 Administration Board pursuant to § 272 of Public Law 102-242.

7 (2) On or after the date when compliance with the final regulations  
8 adopted by the National Credit Union Administration Board pursuant to § 272 of  
9 Public Law 102-242 is mandatory, a credit union shall comply with the requirements  
10 in those final regulations and subsection (a) of this section shall be null and void.]

11 [6-402.] 6-502.

12 (a) (1) Except as otherwise provided in this section, the board [of directors  
13 of a credit union] may declare AND PAY dividends from its available net earnings OR  
14 UNDIVIDED EARNINGS at the close of any accounting period after providing for  
15 accrued expenses[, ] AND interest[, and taxes].

16 (2) Dividends paid or accrued are to be treated as an expense.

17 (b) The board [of directors] shall set the dividend rate and ANY TERMS AND  
18 CONDITIONS REGARDING THE DIVIDEND [shall notify the Credit Union Insurance  
19 Corporation and supply a report of financial condition whenever the dividend rate is  
20 changed].

21 [(c) (1) Dividends may be paid annually, semiannually, quarterly, monthly, or  
22 daily, as the bylaws of the credit union provide.

23 (2) Except for shares on which dividends are paid daily, dividend credit  
24 for a month may be accrued on shares that become full paid before the eleventh day of  
25 the month.

26 (d)] (C) A credit union may not declare a dividend:

27 (1) Unless the required amount of earnings has been credited to the  
28 reserve fund of the credit union; or

29 (2) If the known losses at the close of a fiscal year would exceed the sum  
30 of the balances of the reserve fund, surplus, and undivided earnings after payment of  
31 the dividend.

32 [6-403.

33 (a) In this section, "payor institution" means a bank, credit union, or savings  
34 and loan association by which an item is payable as drawn or accepted.



1 (b) As to each account of each depositor or shareholder in a credit union, the  
2 credit union shall give to the customer or member, on opening of the account and on  
3 any later demand of the customer or member, written notice of the time after which  
4 the funds represented by an item deposited to the account shall be available for  
5 withdrawal as of right, for each of the situations where the credit union:

6 (1) Is also the payor institution;

7 (2) Is located in the same state as the payor institution; and

8 (3) Is located in a different state from that in which the payor institution  
9 is located.

10 (c) The notice shall also state the time after which the funds represented by  
11 an item become available for withdrawal as of right where the item is issued by:

12 (1) The Maryland State Government or any agency thereof;

13 (2) The United States Treasury; and

14 (3) Any agency of the federal government.

15 (d) The notice shall be printed in type no smaller than elite typewriter  
16 characters.]

17 [6-404.] 6-503.

18 (a) Any share drafts OR CHECKS provided directly or indirectly by a credit  
19 union for use in connection with a personal account shall have the numerical month  
20 and year in which the account was opened printed on the face of the drafts OR  
21 CHECKS, except as provided in subsection (b) of this section.

22 (b) The provisions of subsection (a) of this section shall not apply under  
23 [certain] THE FOLLOWING conditions:

24 (1) If an individual personal account is closed at a particular credit union  
25 and a joint personal account is opened at the same credit union that includes one of  
26 the customers who previously had the individual personal account, then the  
27 numerical month and year printed on the face of the share drafts OR CHECKS shall be  
28 the numerical month and year in which the individual personal account was  
29 established.

30 (2) If a joint personal account is closed at a particular credit union and  
31 an individual personal account is opened at the same credit union by one of the  
32 customers who previously was included under the joint account, then the numerical  
33 month and year printed on the face of the share drafts OR CHECKS shall be the  
34 numerical month and year in which the joint account was established.

35 (3) If a customer with an individual personal account or with a joint  
36 personal account opens an additional account at the same credit union, then the

1 numerical month and year printed on the face of the share drafts OR CHECKS shall be  
2 the numerical month and year in which the initial account was established.

3 (4) In the case of a personal account that is closed and a new personal  
4 account opened simultaneously on the advice of the credit union, the share drafts OR  
5 CHECKS for the new account shall have the numerical month and year in which the  
6 closed account was originally opened printed on the face of the share drafts OR  
7 CHECKS.

8 (5) If the closed account was opened prior to July 1, 1987, a date is not  
9 required to be printed on the share drafts OR CHECKS.

10 (c) A share draft OR CHECK provided on the opening of a personal account for  
11 use by the customer until printed share drafts OR CHECKS have been prepared is not  
12 required to have the numerical month and year in which the account was opened  
13 printed on the face of the share draft OR CHECK.

14 (d) (1) The credit union and the SHARE draft OR CHECK printer may not be  
15 held liable for unintentional errors in the month and year printed on the face of the  
16 SHARE draft OR CHECK.

17 (2) The customer may not be charged for the reprinting of the SHARE  
18 DRAFTS OR checks when the SHARE DRAFTS OR checks are reprinted due to error in  
19 the month and year printed on the face of the SHARE draft OR CHECK.

20 Subtitle [ 5.] 6. Loans.

21 [6-501.] 6-601.

22 (a) Subject to the provisions of this subtitle, a credit union may make loans  
23 AND EXTEND LINES OF CREDIT to its members IN ACCORDANCE WITH WRITTEN  
24 POLICIES ESTABLISHED BY THE BOARD [ for the purposes and on the terms as the  
25 bylaws provide].

26 (b) Notwithstanding [ §§ 6-506 (c) and 6-507] SUBSECTION (E) OF THIS  
27 SECTION, § 6-606(D) of this subtitle, and § 12-913.1 of the Commercial Law Article, on  
28 or after October 1, 1994, a revolving credit plan and extensions of credit under a  
29 revolving credit plan offered and extended by a credit union to a member are made  
30 under and are subject to Title 12, Subtitle 9 of the Commercial Law Article.

31 (c) Notwithstanding [ §§ 6-506 (c) and 6-507] SUBSECTION (E) OF THIS  
32 SECTION, § 6-606(D) of this subtitle, and § 12-1013.1 of the Commercial Law Article,  
33 on or after October 1, 1994, a closed end loan made by a credit union to a member is  
34 made under and is subject to Title 12, Subtitle 10 of the Commercial Law Article.

35 (d) Except as provided in [ §§ 6-506 (c) and 6-507] SUBSECTION (E) OF THIS  
36 SECTION AND § 6-606(D) of this subtitle, and except as otherwise provided under the  
37 express terms of the agreement, note, or other evidence of an extension of credit or  
38 loan, the provisions of Title 12, Subtitle 1, 3, 4, 5, 6, 9, or 10 of the Commercial Law

1 Article do not apply to an extension of credit or loan made by a credit union before  
2 October 1, 1994.

3 (E) (1) THIS SUBSECTION DOES NOT APPLY TO AN EXTENSION OF CREDIT  
4 OR LOAN MADE BY A CREDIT UNION ON OR AFTER OCTOBER 1, 1994.

5 (2) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS TITLE, A  
6 CREDIT UNION MAY NOT CHARGE INTEREST ON ANY LOAN TO A MEMBER AT A RATE  
7 OF MORE THAN 1.5% A MONTH ON THE UNPAID BALANCE.

8 (3) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (1) OF THIS  
9 SUBSECTION, A CREDIT UNION MAY CHARGE INTEREST ON A LOAN TO A MEMBER  
10 MADE ON OR AFTER JULY 1, 1982, AT 2% A MONTH ON THE UNPAID BALANCE  
11 PROVIDED, WITH RESPECT TO THE LOAN, THAT:

12 (I) IF THE LOAN IS A RENEWAL OR REFINANCING OF A LOAN MADE  
13 PRIOR TO JULY 1, 1982, THE LENDER COMPLIES WITH § 12-116 OF THE COMMERCIAL  
14 LAW ARTICLE;

15 (II) IF THE LOAN INCLUDES A PROVISION FOR A RATE OF INTEREST  
16 WHICH MAY BE ADJUSTED BY THE LENDER DURING THE TERM OF THE LOAN, THE  
17 LENDER COMPLIES WITH § 12-118 OF THE COMMERCIAL LAW ARTICLE;

18 (III) UPON THE BORROWER'S DEFAULT, IF THE LOAN IS SECURED BY  
19 PERSONAL PROPERTY, THE LENDER COMPLIES WITH § 12-115 OF THE COMMERCIAL  
20 LAW ARTICLE CONCERNING REPOSSESSION AND REDEMPTION OF THE GOODS  
21 SECURING THE LOAN;

22 (IV) IF THE LOAN IS FOR THE PURCHASE OF CONSUMER GOODS,  
23 THE LOAN CONTRACT COMPLIES WITH § 12-117 OF THE COMMERCIAL LAW ARTICLE;  
24 AND

25 (V) THE LOAN DOES NOT INCLUDE A BALLOON PAYMENT, UNLESS  
26 PAYMENT IN FULL IS DUE ON DEMAND OR IN 1 YEAR OR LESS.

27 (F) NOTWITHSTANDING ANY PROVISION OF TITLE 12 OF THE COMMERCIAL  
28 LAW ARTICLE, IF THE CREDIT AGREEMENT PROVIDES, A CREDIT UNION MAY MAKE  
29 LOANS OR EXTEND CREDIT TO ITS MEMBERS INCORPORATING THE SAME TERMS AND  
30 CONDITIONS AS A FEDERAL CREDIT UNION IS PERMITTED UNDER FEDERAL LAW AND  
31 REGULATIONS RELATING TO:

32 (1) OVER THE LIMIT FEES FOR CREDIT CARDS; AND

33 (2) FEES FOR ANCILLARY AND ADMINISTRATIVE SERVICES REQUESTED  
34 BY THE MEMBER, INCLUDING:

35 (I) RESEARCHING ACCOUNT RECORDS;

36 (II) PROVIDING DUPLICATE STATEMENTS AND OTHER  
37 DOCUMENTS; AND

1 (III) EXPEDITED ISSUANCE OF A DUPLICATE OR ORIGINAL CREDIT  
2 CARD OR DEVICE.

3 [6-502.] 6-602.

4 (a) If the bylaws so provide, [each] A credit union may have a credit  
5 committee.

6 (b) The board [of directors of the credit union] shall appoint the members of  
7 the credit committee.

8 (c) (1) [The] SUBJECT TO THE PROVISIONS OF PARAGRAPH (2) OF THIS  
9 SUBSECTION, THE board [of directors] shall determine the number of members on  
10 the credit committee[, but the].

11 (2) THE CREDIT committee shall have at least three and not more than  
12 seven members.

13 (d) (1) Each member of the credit committee shall be appointed from among  
14 the members of the credit union.

15 (2) Not more than one member of the credit committee may be a director.

16 (3) The treasurer of the credit union may not be a member of the credit  
17 committee.

18 (E) (1) AT LEAST ONE MEMBER OF THE CREDIT COMMITTEE SHALL HAVE A  
19 MINIMUM OF 3 YEARS EXPERIENCE IN LENDING, CREDIT, OR GENERAL BUSINESS.

20 (2) EACH MEMBER OF THE CREDIT COMMITTEE:

21 (I) SHALL BE A MEMBER OF THE CREDIT UNION FOR THE PERIOD  
22 OF TIME REQUIRED UNDER THE BYLAWS;

23 (II) SHALL BE BONDED;

24 (III) SHALL BE A CITIZEN OF THE UNITED STATES;

25 (IV) MAY NOT HAVE DEFAULTED ON THE PAYMENT OF ANY  
26 MONETARY OBLIGATION TO THE CREDIT UNION;

27 (V) MAY NOT HAVE BEEN CONVICTED OF ANY CRIMINAL OFFENSE  
28 INVOLVING DISHONESTY OR BREACH OF TRUST;

29 (VI) MAY NOT HAVE HABITUALLY NEGLECTED TO PAY ANY DEBTS;

30 (VII) MAY NOT HAVE BEEN INSOLVENT OR BANKRUPT WITHIN 5  
31 YEARS OF BECOMING A MEMBER AND MAY NOT BECOME INSOLVENT OR BANKRUPT  
32 WHILE SERVING AS A MEMBER; AND

1 (VIII) MAY NOT HAVE BEEN REMOVED BY THE COMMISSIONER OR  
2 ANY STATE OR FEDERAL REGULATORY AGENCY AS AN OFFICER, OFFICIAL, OR  
3 EMPLOYEE OF A FINANCIAL INSTITUTION.

4 [(e)] (F) A member of the credit committee serves for 1 year and until a  
5 successor is appointed and qualifies.

6 [(f)] (G) The credit committee shall fill any vacancy on the committee by  
7 appointing an individual to serve until the next regular meeting of the board [of  
8 directors].

9 (H) THE MEMBERS OF THE CREDIT COMMITTEE SHALL ELECT THE CHAIRMAN  
10 OF THE CREDIT COMMITTEE AT THE BEGINNING OF EACH TERM AND AT ANY OTHER  
11 TIME THAT A VACANCY MAY OCCUR IN THE POSITION OF THE CHAIRMAN.

12 (I) THE BOARD SHALL REMOVE ANY MEMBER OF THE CREDIT COMMITTEE  
13 WHO FAILS:

14 (1) TO ATTEND THREE CONSECUTIVE REGULAR MEETINGS OF THE  
15 CREDIT COMMITTEE WITHOUT GOOD CAUSE; OR

16 (2) TO PERFORM ANY OF THE DUTIES OF THE OFFICE.

17 (J) EACH MEMBER OF THE CREDIT COMMITTEE SHALL TAKE AN OATH TO  
18 PERFORM FAITHFULLY THE DUTIES OF THE OFFICE.

19 [6-503.] 6-603.

20 (a) (1) Except as provided in subsection (b) of this section, and in [§ 6-214  
21 (10) and (11)] § 6-328 (7) AND (8) of this title, a loan may not be made to any member  
22 of a credit union unless it is approved unanimously by those members of the credit  
23 committee who are present at a meeting that is attended by a majority of the  
24 members of the credit committee.

25 (2) If the bylaws of the credit union so provide, an applicant for a loan  
26 that is not approved by the credit committee may appeal to the board of directors.

27 (b) (1) (i) The credit committee or the [officer in charge of operations]  
28 PRESIDENT may appoint loan officers.

29 (ii) The appointment of loan officers by the [officer in charge of  
30 operations] PRESIDENT shall be subject to confirmation by the credit committee.

31 (iii) The credit committee shall supervise loan officers and delegate  
32 to them the power to approve or disapprove loans in accordance with written  
33 instructions or policies adopted by the board [of directors] .

34 (2) Not more than one loan officer may be a member of the credit  
35 committee.

1 (3) A loan made by a loan officer in accordance with the written  
2 instructions or policies of the board [of directors] does not have to be approved by the  
3 credit committee.

4 (4) (I) Each loan officer shall give the credit committee the record of  
5 each loan that the officer approves or disapproves within 7 days after a loan  
6 application is made.

7 (II) The credit committee shall act on each loan application where  
8 the decision of the loan officer has been appealed by the credit union member.

9 (5) A loan officer may not disburse credit union funds for any loan that  
10 the loan officer approved.

11 (c) The credit committee shall meet as often as necessary[, on reasonable  
12 notice to its members].

13 [6-504.] 6-604.

14 The total of all loans made by a credit union directly or indirectly to any one  
15 member may not exceed 10 percent of the [paid-in and unimpaired capital and  
16 surplus] TOTAL ASSETS of the credit union.

17 [6-505.] 6-605.

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

20 (b)] A credit union may make a loan, INCLUDING A BUSINESS LOAN, to a  
21 member WITH OR without security [if:

22 (1) The Commissioner has approved a policy for the credit union that  
23 covers all unsecured lending; and

24 (2) The loan is made] in accordance with the WRITTEN LENDING  
25 POLICIES ESTABLISHED BY THE BOARD THAT COVER ALL SECURED AND UNSECURED  
26 LOANS [approved policy].

27 [(c)] (B) A credit union may accept as security for a loan:

28 (1) An endorsed note;

29 (2) A note secured by a [recorded first or second] lien on real,  
30 LEASEHOLD, OR PERSONAL property;

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

32 (4) Any other kind of security that is approved by the Commissioner.

33 (C) THE COMMISSIONER MAY REVIEW THE LENDING POLICIES OF THE  
34 CREDIT UNION AND ORDER CHANGES.

1 [6-506.] 6-606.

2 (a) [With the approval of the Commissioner, a] A credit union may make [  
3 loans to members] A LOAN TO A MEMBER THAT IS SECURED BY REAL OR LEASEHOLD  
4 PROPERTY IN ACCORDANCE WITH WRITTEN REAL ESTATE LENDING POLICIES  
5 ESTABLISHED BY THE BOARD as provided in this section.

6 (b) A loan under this section shall be:

7 (1) Secured by a [first or second] DEED OF TRUST OR mortgage on real  
8 OR LEASEHOLD property; and

9 (2) Amortized over a period of 30 years or less.

10 (C) THE COMMISSIONER MAY REVIEW THE LENDING POLICIES OF THE  
11 CREDIT UNION AND ORDER CHANGES.

12 [(c)] (D) (1) This subsection does not apply to an extension of credit or loan  
13 made by a credit union on or after October 1, 1994.

14 (2) A loan under this section that is secured by a first mortgage may be  
15 made at any rate of interest that does not exceed the rate authorized by Title 12,  
16 Subtitle 1 of the Commercial Law Article for mortgage loans.

17 (3) A loan under this section that is secured by a second mortgage may  
18 be made at any rate of interest that does not exceed the rate authorized by Title 12,  
19 Subtitle 4 of the Commercial Law Article.

20 [6-507.

21 (a) This section does not apply to an extension of credit or loan made by a  
22 credit union on or after October 1, 1994.

23 (b) Except as otherwise expressly provided in this title, a credit union may not  
24 charge interest on any loan to a member at a rate of more than 1.5 percent a month  
25 on the unpaid balance.

26 (c) Notwithstanding the provisions of subsection (a) of this section, a credit  
27 union may charge interest on a loan to a member made on or after July 1, 1982, at 2  
28 percent a month on the unpaid balance provided, with respect to such loan, that:

29 (1) If the loan is a renewal or refinancing of a loan made prior to July 1,  
30 1982, the lender complies with § 12-116 of the Commercial Law Article;

31 (2) If the loan includes a provision for a rate of interest which may be  
32 adjusted by the lender during the term of the loan, the lender complies with § 12-118  
33 of the Commercial Law Article;

34 (3) Upon the borrower's default, if the loan is secured by personal  
35 property, the lender complies with § 12-115 of the Commercial Law Article concerning  
36 repossession and redemption of the goods securing the loan;

1 (4) If the loan is for the purchase of consumer goods, the loan contract  
2 complies with § 12-117 of the Commercial Law Article; and

3 (5) The loan does not include a balloon payment, unless payment in full  
4 is due on demand or in 1 year or less.]

5 6-607.

6 (A) SUBJECT TO THE PROVISIONS OF SUBSECTION (B) OF THIS SECTION, A  
7 CREDIT UNION MAY PARTICIPATE WITH A DEPOSITORY FINANCIAL INSTITUTION OR  
8 A CREDIT UNION SERVICE ORGANIZATION FOR PURPOSES OF MAKING A LOAN TO A  
9 CREDIT UNION MEMBER IN ACCORDANCE WITH THE LENDING POLICIES OF THE  
10 BOARD.

11 (B) A CREDIT UNION MAY PARTICIPATE IN A LOAN UNDER SUBSECTION (A) OF  
12 THIS SECTION PROVIDED THAT THE CREDIT UNION THAT ORIGINATES THE LOAN  
13 RETAINS AN INTEREST OF AT LEAST 10% OF THE FACE AMOUNT OF THE LOAN.

14 6-608.

15 A CREDIT UNION MAY MAKE A LOAN THAT IS INSURED OR GUARANTEED BY THE  
16 FEDERAL GOVERNMENT, A STATE GOVERNMENT OR LOCAL GOVERNMENT, OR A  
17 UNIT OF THE FEDERAL GOVERNMENT OR OF ANY STATE OR LOCAL GOVERNMENT.

18 6-609.

19 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
20 INDICATED.

21 (2) "ELIGIBLE OBLIGATION" MEANS A LOAN OR A GROUP OF LOANS  
22 MADE TO A MEMBER OF A CREDIT UNION BY A LENDER OTHER THAN THE CREDIT  
23 UNION TO WHICH THE MEMBER BELONGS.

24 (3) "STUDENT LOAN" MEANS A LOAN THAT IS:

25 (I) GRANTED TO FINANCE THE BORROWER'S ATTENDANCE AT AN  
26 INSTITUTION OF HIGHER EDUCATION OR AT A VOCATIONAL SCHOOL; AND

27 (II) SECURED BY, AND ON WHICH PAYMENT OF THE OUTSTANDING  
28 PRINCIPAL AND INTEREST HAS BEEN DEFERRED IN ACCORDANCE WITH, THE  
29 INSURANCE OR GUARANTEE OF THE FEDERAL GOVERNMENT, A STATE  
30 GOVERNMENT, OR A UNIT OF THE FEDERAL GOVERNMENT OR OF A STATE  
31 GOVERNMENT.

32 (B) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPH (2) OF THIS  
33 SUBSECTION, A CREDIT UNION MAY PURCHASE, IN WHOLE OR IN PART, IN  
34 ACCORDANCE WITH THE BOARD'S PURCHASE POLICIES:

35 (I) ELIGIBLE OBLIGATIONS OF ITS MEMBERS;



1 (II) ELIGIBLE OBLIGATIONS OF THE INDIVIDUAL MEMBERS OF A  
2 LIQUIDATING CREDIT UNION, FROM THE LIQUIDATING CREDIT UNION;

3 (III) STUDENT LOANS IF THE CREDIT UNION IS GRANTING STUDENT  
4 LOANS ON AN ONGOING BASIS AND IF THE PURCHASE WILL FACILITATE THE CREDIT  
5 UNION'S PACKAGING OF A POOL OF THE LOANS TO BE SOLD OR PLEDGED ON THE  
6 SECONDARY MARKET; AND

7 (IV) REAL ESTATE LOANS IF THE CREDIT UNION IS GRANTING REAL  
8 ESTATE LOANS UNDER THIS SUBTITLE ON AN ONGOING BASIS AND IF THE  
9 PURCHASE WILL FACILITATE THE CREDIT UNION'S PACKAGING OF A POOL OF THE  
10 LOANS TO BE SOLD OR PLEDGED ON THE SECONDARY MORTGAGE MARKET.

11 (2) A CREDIT UNION MAY MAKE A PURCHASE UNDER PARAGRAPH (1) OF  
12 THIS SUBSECTION IF:

13 (I) THE BOARD OR INVESTMENT COMMITTEE APPROVES THE  
14 PURCHASE;

15 (II) A WRITTEN AGREEMENT AND A SCHEDULE OF THE ELIGIBLE  
16 OBLIGATIONS COVERED BY THE AGREEMENT ARE RETAINED BY THE CREDIT UNION  
17 FOR INSPECTION;

18 (III) THE AGGREGATE OF THE UNPAID BALANCE OF ELIGIBLE  
19 OBLIGATIONS PURCHASED UNDER PARAGRAPH (1)(I) AND (II) OF THIS SUBSECTION  
20 DOES NOT EXCEED 5% OF THE TOTAL ASSETS OF THE CREDIT UNION; AND

21 (IV) FOR PURCHASES OF REAL ESTATE LOANS UNDER  
22 SUBPARAGRAPH (1)(IV) OF THIS SUBSECTION, THE POOL OF LOANS TO BE SOLD OR  
23 PLEDGED ON THE SECONDARY MORTGAGE MARKET:

24 1. INCLUDES A SUBSTANTIAL PORTION OF THE CREDIT  
25 UNION'S MEMBERS' REAL ESTATE LOANS, BUT NO LESS THAN 20% OF THE  
26 AGGREGATE PRINCIPAL AMOUNT OF THE LOANS PURCHASED; AND

27 2. IS SOLD PROMPTLY, BUT NO LATER THAN 6 MONTHS  
28 AFTER THE PURCHASE.

29 (C) A CREDIT UNION MAY SELL OR PLEDGE, IN WHOLE OR IN PART, THE  
30 ELIGIBLE OBLIGATIONS OR LOANS PURCHASED UNDER SUBSECTION (B)(1) OF THIS  
31 SECTION IF:

32 (1) THE BOARD OR INVESTMENT COMMITTEE APPROVES THE SALE OR  
33 PLEDGE; AND

34 (2) THE WRITTEN AGREEMENT COVERING THE SALE OR PLEDGE AND A  
35 SCHEDULE OF THE ELIGIBLE OBLIGATIONS OR LOANS COVERED BY THE  
36 AGREEMENT ARE RETAINED BY THE CREDIT UNION FOR INSPECTION.

1 (D) A CREDIT UNION MAY AGREE TO SERVICE ANY ELIGIBLE OBLIGATION THE  
2 CREDIT UNION PURCHASES OR SELLS IN WHOLE OR IN PART.

3 [6-509.] 6-610.

4 [(a) Except as provided in subsection (b) of this section, a member of the board  
5 of directors, supervisory committee, or credit committee of a credit union may not be  
6 obligated directly or indirectly to the credit union, whether as a borrower or as surety  
7 for a loan made by the credit union, for any amount that is more than the total of the  
8 deposits and full paid shares that the member and all of the member's comakers hold  
9 in the credit union.

10 (b) Subsection (a) of this section does not apply if the loan is approved in the  
11 absence of the director or committee member by a majority vote of those present:

12 (1) At a meeting of the credit committee at which a majority of the  
13 members of the committee is present; and

14 (2) At a meeting of the board of directors at which a majority of the  
15 members of the board is present.

16 (c) The supervisory committee shall appoint a substitute to act on the credit  
17 committee in the place of any member of the credit committee who:

18 (1) Applies for a loan from the credit union; or

19 (2) Is offered as surety for another member whose application for a loan  
20 is being considered.]

21 (A) (1) A CREDIT UNION MAY MAKE A LOAN TO AN OFFICIAL OF THE CREDIT  
22 UNION IF THE OFFICIAL TAKES NO PART IN CONSIDERATION OF THE LOAN  
23 APPLICATION.

24 (2) A LOAN AUTHORIZED UNDER PARAGRAPH (1) OF THIS SUBSECTION  
25 REQUIRES APPROVAL OF THE BOARD IF:

26 (I) THE OFFICIAL IS THE DEBTOR IN THE LOAN OR IS THE  
27 GUARANTOR, ENDORSER, OR COSIGNER OF THE LOAN; AND

28 (II) THE LOAN, STANDING ALONE OR WHEN ADDED TO THE  
29 AGGREGATE OF ALL OUTSTANDING LOANS FOR WHICH THE OFFICIAL IS THE  
30 DEBTOR OR ACTS AS GUARANTOR, ENDORSER, OR COSIGNER, OR BOTH, EXCEEDS  
31 \$25,000 PLUS PLEDGED SHARES.

32 (B) THE RATES, TERMS, AND CONDITIONS ON ANY LOAN FROM A CREDIT  
33 UNION TO, OR GUARANTEED, ENDORSED, OR COSIGNED BY, AN OFFICIAL OR  
34 OFFICER OF THE CREDIT UNION MAY NOT BE MORE FAVORABLE THAN THE RATES,  
35 TERMS, AND CONDITIONS FOR A COMPARABLE LOAN TO ANOTHER MEMBER OF THE  
36 CREDIT UNION.

1 [6-510.

2 (a) A borrower from a credit union may prepay all or part of a loan on any day  
3 on which the office of the credit union is open.

4 (b) If an individual leaves employment either voluntarily or involuntarily and  
5 is a member of a credit union, and at the time the employment is terminated the  
6 individual has a loan from the credit union, the credit union may not require payment  
7 of the total outstanding balance of the loan made to the member earlier than 30 days  
8 after the date of the termination of employment unless the member is in default in  
9 payment.

10 (c) If the borrower or the comaker or guarantor of a loan made by a credit  
11 union authorizes repayment of the loan through payroll deductions from the  
12 borrower's, comaker's, or guarantor's wages or earnings, the payroll deductions shall  
13 remain in effect and may not be terminated by the borrower, comaker, or guarantor  
14 until the loan has been repaid in full. However, the amount of the payroll deduction  
15 may not exceed the amount that could be attached under Title 15, Subtitle 6 of the  
16 Commercial Law Article.]

17 [6-511.] 6-611.

18 [(a)] A credit union may not make a loan to [anyone but] ANY PERSON EXCEPT:

19 (1) A member of the credit union; [or]

20 (2) Another credit union; OR

21 (3) A CREDIT UNION SERVICE ORGANIZATION.

22 [(b)] Any officer or committee member of a credit union who in any way  
23 knowingly permits or participates in making a loan in violation of this section is  
24 guilty of a misdemeanor.

25 (c) If a loan is made in violation of this section, the credit union may recover  
26 the amount of the loan from any one or more of:

27 (1) The borrower; and

28 (2) Any officer or committee member who knowingly permitted or  
29 participated in making the loan.]

30 Subtitle [6.] 7. Miscellaneous Regulations.

31 [6-601.] 6-701.

32 (a) Each credit union incorporated under the laws of this State shall:

33 (1) Be a member of [the Credit Union Insurance Corporation] A CREDIT  
34 UNION SHARE GUARANTY CORPORATION and have its member accounts insured by

1 that [Corporation] CORPORATION on the same basis and to the same extent and  
2 amount as provided by the National Credit Union Administration Share Insurance  
3 Program; or

4 (2) Participate in and have its member accounts insured under the  
5 National Credit Union Administration Share Insurance Program.

6 (b) No credit union may voluntarily terminate its insurance with the National  
7 Credit Union Administration Share Insurance Program without prior approval of the  
8 Commissioner.

9 6-702.

10 A CREDIT UNION IS SUBJECT TO THE PROVISIONS OF 12 C.F.R., PART 702  
11 (PROMPT CORRECTIVE ACTION) AND 12 U.S.C. § 1790D (NET WORTH PROVISIONS).

12 [6-602.] 6-703.

13 (a) In this section, "risk assets" means a credit union's total loans outstanding  
14 to its members.

15 (b) (1) Each credit union shall have a reserve fund to meet losses on loans  
16 and to meet other contingencies that the Commissioner specifies.

17 (2) The reserve fund may be distributed to the members of the credit  
18 union only on dissolution of the credit union.

19 (c) (1) After paying organization expenses, each credit union shall credit to  
20 its reserve fund all entrance fees, transfer fees, and fines.

21 (2) A credit union in operation for 4 years or more and having assets of  
22 \$500,000 or more shall credit to the reserve fund, at the end of each accounting  
23 period:

24 (i) 10 percent of its gross income until the reserve fund equals 4  
25 percent of its risk assets; and

26 (ii) Then, 5 percent of its gross income until the reserve fund equals  
27 6 percent of its risk assets.

28 (3) A credit union in operation for less than 4 years or having assets of  
29 less than \$500,000 shall credit to the reserve fund, at the end of each accounting  
30 period:

31 (i) 10 percent of its gross income until the reserve fund equals 7.5  
32 percent of its risk assets; and

33 (ii) Then, 5 percent of its gross income until the reserve fund equals  
34 10 percent of its risk assets.

1 (4) On recommendation of the board [of directors], the [members of a  
2 credit union may vote to increase the] amount credited to the reserve fund MAY BE  
3 INCREASED.

4 (d) If the reserve fund falls below the amounts required by subsection (c) (2) or  
5 (3) of this section, it shall be restored by regular contributions.

6 6-704.

7 (A) A CREDIT UNION SHALL MAINTAIN AN ALLOWANCE FOR LOAN AND LEASE  
8 LOSS ACCOUNT IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING  
9 PRINCIPLES.

10 (B) THE BALANCE OF THE ALLOWANCE FOR LOAN AND LEASE LOSS ACCOUNT  
11 SHALL INCLUDE COVERAGE FOR:

12 (1) INDIVIDUALLY CLASSIFIED LOANS; AND

13 (2) THE HISTORICAL RESERVE NEEDS OF THE CREDIT UNION.

14 [6-603.] 6-705.

15 (a) The [ capital, deposits, surplus, and reserves] ASSETS of a credit union  
16 that are not committed for loans may be INVESTED IN:

17 [(1) Deposited in State banking institutions, national banking  
18 associations located in this State, or insured savings and loan associations located in  
19 this State;

20 (2)] (1) [Invested in general] GENERAL obligations of or obligations  
21 guaranteed by the United States[ , this State, or any political subdivision];

22 [(3) Invested in certificates of deposit with the prior approval of the  
23 Commissioner; or]

24 (2) DEPOSITS, LOANS, SHARES, OR STOCK OF ANY FEDERAL RESERVE  
25 BANK, FEDERAL HOME LOAN BANK, OR ANY CENTRAL LIQUIDITY FACILITY  
26 ESTABLISHED UNDER STATE OR FEDERAL LAW;

27 (3) SECURITIES, OBLIGATIONS, OR OTHER INSTRUMENTS OF OR ISSUED  
28 BY OR FULLY GUARANTEED AS TO PRINCIPAL AND INTEREST BY THE FEDERAL  
29 GOVERNMENT OR A UNIT OF THE FEDERAL GOVERNMENT;

30 (4) GENERAL OBLIGATIONS OF A STATE OR A FEDERAL TERRITORY OR  
31 POLITICAL SUBDIVISION, PROVIDED THAT THE GENERAL OBLIGATION IS RATED IN  
32 ONE OF THE THREE HIGHEST RATING CATEGORIES OF A NATIONALLY RECOGNIZED  
33 STATISTICAL RATING ORGANIZATION AS DETERMINED BY THE COMMISSIONER;

34 (5) DEPOSITS OR FEDERAL FUNDS OF ANY FINANCIAL INSTITUTION  
35 THAT HAS FEDERAL DEPOSIT INSURANCE;

1 (6) SHARES OR DEPOSITS OF OTHER CREDIT UNIONS;

2 (7) MUTUAL FUNDS THAT INVEST SOLELY IN INVESTMENTS  
3 PERMISSIBLE FOR DIRECT INVESTMENT BY THE CREDIT UNION;

4 (8) REPURCHASE TRANSACTIONS SECURED BY INVESTMENTS  
5 PERMISSIBLE FOR DIRECT INVESTMENT BY THE CREDIT UNION; OR

6 [(4)] (9) ANY [Deposited or invested in any] other [manner]  
7 INVESTMENT that the Commissioner approves.

8 (b) [Except for checking accounts and certificates of deposit, the total deposits  
9 of a credit union in any banking institution, national banking association, or savings  
10 and loan association may not be more than the amount of insurance coverage carried  
11 by the depository for those deposits.]

12 (1) SUBJECT TO THE PROVISIONS OF PARAGRAPH (2) OF THIS  
13 SUBSECTION, IN ADDITION TO THE INVESTMENTS AUTHORIZED UNDER SUBSECTION  
14 (A) OF THIS SECTION, A CREDIT UNION MAY REQUEST AUTHORITY FROM THE  
15 COMMISSIONER TO MAKE OTHER INVESTMENTS, INCLUDING INVESTMENTS  
16 AUTHORIZED UNDER THE FEDERAL CREDIT UNION ACT OR REGULATIONS OF THE  
17 NATIONAL CREDIT UNION ADMINISTRATION, ON AN ONGOING BASIS.

18 (2) TO OBTAIN THE COMMISSIONER'S APPROVAL FOR ADDITIONAL  
19 INVESTMENT AUTHORITY UNDER PARAGRAPH (1) OF THIS SUBSECTION, A CREDIT  
20 UNION SHALL SUBMIT TO THE COMMISSIONER AN INVESTMENT POLICY.

21 (C) THE COMMISSIONER MAY REVIEW THE INVESTMENT POLICIES OF THE  
22 CREDIT UNION AND ORDER CHANGES.

23 6-706.

24 (A) (1) WITH THE PRIOR APPROVAL OF THE COMMISSIONER, AS REQUIRED  
25 UNDER SUBSECTION (B) OF THIS SECTION, A CREDIT UNION MAY ORGANIZE A  
26 CREDIT UNION SERVICE ORGANIZATION.

27 (2) A CREDIT UNION THAT PROPOSES TO ORGANIZE A CREDIT UNION  
28 SERVICE ORGANIZATION SHALL:

29 (I) FILE WITH THE COMMISSIONER A NOTICE OF INTENTION TO  
30 ORGANIZE A CREDIT UNION SERVICE ORGANIZATION; AND

31 (II) SUBMIT TO THE COMMISSIONER ANY INFORMATION THE  
32 COMMISSIONER REQUIRES IN ORDER TO EVALUATE THE PROPOSED CREDIT UNION  
33 SERVICE ORGANIZATION.

34 (3) IN DECIDING WHETHER TO APPROVE THE ORGANIZATION OF A  
35 CREDIT UNION SERVICE ORGANIZATION, THE COMMISSIONER SHALL CONSIDER  
36 WHETHER:

1 (I) THE ORGANIZATION OF THE CREDIT UNION SERVICE  
2 ORGANIZATION WILL PROMOTE THE CONVENIENCE OF THE MEMBERS OF THE  
3 CREDIT UNION;

4 (II) THE CREDIT UNION HAS SUFFICIENT NET WORTH TO SUPPORT  
5 THE CREDIT UNION SERVICE ORGANIZATION; AND

6 (III) THE CREDIT UNION GENERALLY IS OPERATING IN  
7 COMPLIANCE WITH THE PROVISIONS OF THIS TITLE.

8 (4) UNLESS THE COMMISSIONER NOTIFIES THE CREDIT UNION THAT A  
9 DIFFERENT TIME PERIOD IS NECESSARY, WITHIN 60 DAYS OF RECEIPT OF THE  
10 NOTICE SPECIFIED IN PARAGRAPH (2) OF THIS SUBSECTION, THE COMMISSIONER  
11 SHALL NOTIFY THE CREDIT UNION OF THE DETERMINATION ON THE APPROVAL OF  
12 THE ORGANIZATION OF A CREDIT UNION SERVICE ORGANIZATION.

13 (B) (1) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, A CREDIT  
14 UNION MAY INVEST IN AND MAKE LOANS TO A CREDIT UNION SERVICE  
15 ORGANIZATION.

16 (2) IF AN INVESTMENT OR LOAN BY A CREDIT UNION TO A CREDIT  
17 UNION SERVICE ORGANIZATION CAUSES THE AGGREGATE OF THE CREDIT UNION'S  
18 INVESTMENTS OR LOANS TO EXCEED 2% OF THE CREDIT UNION'S TOTAL ASSETS,  
19 THE CREDIT UNION SHALL:

20 (I) NOTIFY THE COMMISSIONER AS PROVIDED IN PARAGRAPH (3)  
21 OF THIS SUBSECTION; AND

22 (II) RECEIVE THE PRIOR APPROVAL OF THE COMMISSIONER FOR  
23 ANY INVESTMENT IN OR LOAN TO THE CREDIT UNION SERVICE ORGANIZATION THAT  
24 EXCEEDS THE LIMIT IMPOSED UNDER THIS PARAGRAPH.

25 (3) A CREDIT UNION THAT PROPOSES TO MAKE ANY INVESTMENT IN OR  
26 LOAN TO THE CREDIT UNION SERVICE ORGANIZATION THAT EXCEEDS THE LIMIT  
27 UNDER PARAGRAPH (2) OF THIS SUBSECTION SHALL:

28 (I) FILE WITH THE COMMISSIONER A NOTICE OF INTENTION TO  
29 EXCEED THE LIMIT; AND

30 (II) SUBMIT TO THE COMMISSIONER ANY INFORMATION THE  
31 COMMISSIONER REQUIRES IN ORDER TO EVALUATE THE PROPOSED INTENTION TO  
32 EXCEED THE LIMIT.

33 (4) IN DECIDING WHETHER TO APPROVE THE INVESTMENT OR LOAN,  
34 THE COMMISSIONER SHALL CONSIDER WHETHER:

35 (I) THE INVESTMENT OR LOAN WILL PROMOTE THE  
36 CONVENIENCE OF THE MEMBERS OF THE CREDIT UNION;

1 (II) THE CREDIT UNION HAS SUFFICIENT NET WORTH TO SUPPORT  
2 THE INVESTMENT OR LOAN; AND

3 (III) THE CREDIT UNION GENERALLY IS OPERATING IN  
4 COMPLIANCE WITH THE PROVISIONS OF THIS TITLE.

5 (5) UNLESS THE COMMISSIONER NOTIFIES THE CREDIT UNION THAT A  
6 DIFFERENT TIME PERIOD IS NECESSARY, WITHIN 60 DAYS OF RECEIPT OF THE  
7 NOTICE SPECIFIED IN PARAGRAPH (2) OF THIS SUBSECTION, THE COMMISSIONER  
8 SHALL NOTIFY THE CREDIT UNION OF THE DETERMINATION ON THE APPROVAL OF  
9 THE INVESTMENT OR LOAN.

10 (C) AS DEEMED NECESSARY BY THE COMMISSIONER, THE COMMISSIONER  
11 SHALL HAVE COMPLETE:

12 (1) ACCESS TO THE BOOKS AND RECORDS OF A CREDIT UNION SERVICE  
13 ORGANIZATION; AND

14 (2) AUTHORITY TO REVIEW THE INTERNAL CONTROLS OF A CREDIT  
15 UNION SERVICE ORGANIZATION.

16 (D) A CREDIT UNION SERVICE ORGANIZATION MAY SERVE ON A  
17 CONTRACTUAL BASIS MORE THAN ONE CREDIT UNION AND ITS MEMBERS.

18 6-707.

19 (A) (1) IN ADDITION TO ANY OTHER INVESTMENT AUTHORIZED UNDER THIS  
20 SUBTITLE, A CREDIT UNION MAY PURCHASE, CONSTRUCT, OR ACQUIRE AND HOLD,  
21 EITHER INDIVIDUALLY OR JOINTLY WITH ANOTHER CREDIT UNION, FIXED ASSETS  
22 FOR THE PURPOSE OF PROVIDING ADEQUATE FACILITIES FOR THE TRANSACTION OF  
23 PRESENT AND FUTURE BUSINESS.

24 (2) A CREDIT UNION MAY USE FIXED ASSETS ACQUIRED UNDER THIS  
25 SECTION FOR:

26 (I) THE PRINCIPAL OFFICE FUNCTIONS;

27 (II) BRANCHES; AND

28 (III) ANY OTHER ACTIVITIES IN WHICH THE CREDIT UNION  
29 ENGAGES.

30 (3) A CREDIT UNION MAY RENT EXCESS SPACE IN A FIXED ASSET  
31 ACQUIRED UNDER THIS SECTION AS A SOURCE OF INCOME.

32 (4) A CREDIT UNION'S INVESTMENT IN FIXED ASSETS ACQUIRED UNDER  
33 THIS SECTION:

34 (I) MAY EXCEED 4% OF THE TOTAL ASSETS OF THE CREDIT UNION  
35 ONLY WITH THE PRIOR APPROVAL OF THE COMMISSIONER; AND



1 (II) MAY NOT EXCEED 6% OF THE TOTAL ASSETS OF THE CREDIT  
2 UNION.

3 (B) A CREDIT UNION MAY PURCHASE, LEASE, OR ACQUIRE AND HOLD  
4 TANGIBLE PERSONAL PROPERTY, EITHER INDIVIDUALLY OR JOINTLY WITH  
5 ANOTHER CREDIT UNION, AS MAY BE NECESSARY OR INCIDENTAL TO THE  
6 OPERATIONS OF THE CREDIT UNION.

7 [6-604.] 6-708.

8 (A) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPH (2) OF THIS  
9 SUBSECTION, A CREDIT UNION MAY BORROW MONEY FOR THE PURCHASE OF FIXED  
10 ASSETS.

11 (2) THE TERM OF THE LOAN MAY NOT EXCEED:

12 (I) 15 YEARS FOR BORROWINGS SECURED BY REAL OR LEASEHOLD  
13 PROPERTY; AND

14 (II) 5 YEARS FOR BORROWINGS SECURED BY OTHER FIXED ASSETS.

15 (B) A credit union may borrow money for A PURPOSE OTHER THAN THE  
16 PURCHASE OF FIXED ASSETS [not longer than 1 year from any source, including  
17 another credit union,] as long as the total borrowing does not exceed [50 percent of  
18 the paid-in and unimpaired capital and surplus of the borrowing credit union. The  
19 1-year period may be extended for an additional year with the approval of the  
20 Commissioner] THE GREATER OF:

21 (1) TWO TIMES THE NET WORTH OF THE BORROWING CREDIT UNION; OR

22 (2) 10% OF THE TOTAL ASSETS OF THE BORROWING CREDIT UNION.

23 [6-605.] 6-709.

24 A credit union may change its place of business on written notice to the  
25 Commissioner.

26 [6-606.] 6-710.

27 The fiscal year of each credit union ends at the close of business on December  
28 31.

29 [6-607.] 6-711.

30 (A) A credit union shall post its hours of operation prominently in its office.

31 (B) Each credit union shall be open for business during its posted hours,  
32 except that a credit union may close:

33 (1) On any State holiday; AND

1 (2) At any other time if:

2 (i) Notice of the closing is posted prominently in its office 3  
3 business days in advance; [or]

4 (ii) Specifically authorized to close by the Commissioner; OR

5 (III) AN EMERGENCY EXISTS THAT AFFECTS THE CREDIT UNION  
6 AND IT IS NOT PRACTICAL TO OBTAIN AUTHORIZATION FROM THE COMMISSIONER  
7 BEFORE CLOSING THE AFFECTED CREDIT UNION.

8 (C) IF A CREDIT UNION CLOSURES UNDER THE PROVISIONS OF SUBSECTION  
9 (B)(2)(III) OF THIS SECTION, THE CHAIRMAN OF THE BOARD OR THE PRESIDENT OF  
10 THE AFFECTED CREDIT UNION SHALL NOTIFY THE COMMISSIONER OF THE REASON  
11 FOR THE CLOSING OF THE CREDIT UNION AS SOON AS POSSIBLE BUT NO LATER  
12 THAN 24 HOURS AFTER THE CLOSING OF THE CREDIT UNION.

13 [6-608.] 6-712.

14 (a) This section applies only to a credit union with assets of \$300,000 or  
15 greater.

16 (b) (1) The Commissioner shall impose an annual assessment on each credit  
17 union as provided in this subsection to cover the expense of regulating credit unions.

18 (2) The Commissioner shall assess each credit union the sum of:

19 (i) \$1,000; [plus] AND

20 (ii) 8 cents for each \$1,000 of the assets of the credit union over  
21 \$1,000,000.

22 (3) The assessment shall be based on assets stated in the credit union's  
23 most recent financial report.

24 (c) A credit union shall pay the assessment imposed under this section to the  
25 Commissioner on or before the [February 15] MARCH 1 after the assessment is  
26 imposed.

27 6-713.

28 IF A CREDIT UNION FILES AN APPLICATION WITH THE MARYLAND INSURANCE  
29 COMMISSIONER TO PURCHASE OR MAKE AVAILABLE, AS AN AGENT OR OTHERWISE,  
30 INSURANCE FOR ITS MEMBERS EITHER ON AN INDIVIDUAL OR GROUP BASIS, THE  
31 CREDIT UNION SHALL NOTIFY THE COMMISSIONER, WITHIN 10 DAYS AFTER FILING  
32 THE APPLICATION, THAT THE CREDIT UNION HAS FILED THE APPLICATION.

33 6-714.

34 (A) AS APPROVED BY THE COMMISSIONER, A CREDIT UNION MAY ENTER INTO  
35 MARKETING ARRANGEMENTS WITH A PERSON TO FACILITATE THE CREDIT UNION'S

1 MEMBERS' VOLUNTARY PURCHASE OF GOODS OR OTHER SERVICES FROM THIRD  
2 PARTIES, CONSISTENT WITH THE PURPOSES OF THE CREDIT UNION.

3 (B) A CREDIT UNION MAY BE COMPENSATED FOR THE SERVICES PROVIDED  
4 UNDER SUBSECTION (A) OF THIS SECTION.

5 6-715.

6 (A) A CREDIT UNION SHALL KEEP THE BOOKS AND RECORDS THAT THE  
7 COMMISSIONER REQUIRES TO DETERMINE COMPLIANCE WITH THIS TITLE.

8 (B) UNLESS A LONGER PERIOD IS EXPRESSLY REQUIRED BY STATE OR  
9 FEDERAL LAW, A CREDIT UNION SHALL RETAIN THE BOOKS AND RECORDS  
10 REQUIRED UNDER SUBSECTION (A) OF THIS SECTION FOR A PERIOD OF AT LEAST 5  
11 YEARS.

12 (C) A CREDIT UNION MAY RETAIN THE BOOKS AND RECORDS REQUIRED  
13 UNDER SUBSECTION (A) OF THIS SECTION AT ANY LOCATION, PROVIDED THAT THE  
14 CREDIT UNION:

15 (1) NOTIFIES THE COMMISSIONER IN WRITING OF THE LOCATION OF  
16 THE BOOKS AND RECORDS; AND

17 (2) MAKES THE BOOKS AND RECORDS AVAILABLE AT THE CREDIT  
18 UNION'S PRINCIPAL PLACE OF BUSINESS, AS AGREED BY THE COMMISSIONER AND  
19 THE CREDIT UNION, WITHIN 7 DAYS OF A WRITTEN REQUEST FOR EXAMINATION BY  
20 THE COMMISSIONER.

21 (D) A CREDIT UNION SHALL RETAIN THE BOOKS AND RECORDS REQUIRED  
22 UNDER SUBSECTION (A) OF THIS SECTION IN ONE OF THE FOLLOWING WAYS:

23 (1) ORIGINAL FORM;

24 (2) AN ELECTRONIC EQUIVALENT APPROVED BY THE COMMISSIONER;  
25 OR

26 (3) A MICROPHOTOGRAPHIC COPY APPROVED BY THE COMMISSIONER.

27 Subtitle [7.] 8. Extraordinary Actions.

28 [6-701.] 6-801.

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

31 (b) A majority of the board [of directors] of a credit union proposing to convert  
32 shall:

33 (1) Adopt a resolution that declares that the conversion is advisable;  
34 [and]

1 (2) Set a date for a vote on the proposed conversion by the members of  
2 the credit union AT AN ANNUAL OR SPECIAL MEETING OF THE MEMBERS OR by mail  
3 ballot to be filed on or before that date;

4 (3) COMPLY WITH FEDERAL LAW REGARDING CONVERSION; AND

5 (4) FILE THE REQUIRED CONVERSION APPLICATION WITH THE  
6 COMMISSIONER.

7 (c) The Commissioner, at the request of the board [of directors of a credit  
8 union], may:

9 (1) [waive the requirement for a mail ballot and may] WAIVE THE VOTE  
10 OF THE MEMBERS; AND

11 (2) [substitute] SUBSTITUTE any reasonable method of determining the  
12 [vote of]APPROVAL BY the members.

13 (d) [Written] UNLESS THE COMMISSIONER TAKES ACTION UNDER  
14 SUBSECTION (C) OF THIS SECTION, WRITTEN notice of the proposed conversion and of  
15 the date set for the vote shall be delivered in person to each member or mailed to each  
16 member at the member's address as recorded by the credit union, not more than 30  
17 days nor less than 7 days before the date set for the vote.

18 (e) (1) [The] UNLESS THE COMMISSIONER TAKES ACTION UNDER  
19 SUBSECTION (C) OF THIS SECTION, THE proposed conversion shall be approved by the  
20 affirmative vote of a majority of the members [of the credit union] who vote on the  
21 proposal.

22 (2) Within 10 days after the vote, a statement of the results of the vote  
23 shall be filed with the Commissioner. The statement shall be verified by the  
24 [president or vice-president] CHAIRMAN OR VICE CHAIRMAN OF THE BOARD and by  
25 the secretary of the credit union.

26 (f) (1) Within 90 days after a proposed conversion is approved BY THE  
27 MEMBERS, the credit union shall take any action necessary under federal law to make  
28 it a federal credit union.

29 (2) Within 10 days after the credit union receives a federal credit union  
30 charter, a copy of that charter shall be filed with the Commissioner and, when the  
31 copy is filed, the credit union ceases to be a State credit union.

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

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

36 (1) The [State] CONVERTED credit union is no longer subject to the  
37 provisions of this title; and

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

4 [6-701.1.] 6-802.

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

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

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

10 (2) All of the requirements of the Commissioner, INCLUDING ANY  
11 SPECIFIC CONDITIONS THAT A CREDIT UNION MUST MEET IN ORDER TO CONVERT.

12 (c) A majority of the board [of directors] of a credit union proposing to convert  
13 shall:

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

15 (2) Set a date for a vote on the proposed conversion by the members [of  
16 the credit union ] AT AN ANNUAL OR SPECIAL MEETING OF THE MEMBERS OR by mail  
17 ballot to be filed on or before that date.

18 (d) The Commissioner, at the request of the board [of directors of a credit  
19 union], may:

20 (1) [waive the requirement for a mail ballot and may] WAIVE THE VOTE  
21 OF THE MEMBERS; AND

22 (2) [substitute] SUBSTITUTE any reasonable method of determining the  
23 [vote of] APPROVAL BY the members.

24 (e) [Written] UNLESS THE COMMISSIONER TAKES ACTION UNDER  
25 SUBSECTION (D) OF THIS SECTION, WRITTEN notice of the proposed conversion and of  
26 the date set for the vote shall be delivered in person to each member or mailed to each  
27 member at the member's address as recorded by the credit union, not more than 30  
28 days nor less than 7 days before the date set for the vote.

29 (f) (1) [The] UNLESS THE COMMISSIONER TAKES ACTION UNDER  
30 SUBSECTION (D) OF THIS SECTION, THE proposed conversion shall be approved by the  
31 affirmative vote of a majority of the members [of the credit union] who vote on the  
32 proposal.

33 (2) Within 10 days after the vote, a statement of the results of the vote  
34 shall be filed with the Commissioner. The statement shall be verified by the  
35 [president or vice-president] CHAIRMAN OR VICE CHAIRMAN OF THE BOARD and the  
36 secretary OF THE CREDIT UNION.

1 (G) (1) A CREDIT UNION MAY CONVERT TO A STATE CREDIT UNION IF:

2 (I) THE CONVERTED CREDIT UNION:

3 1. MEETS THE COMMON BOND REQUIREMENTS OF THE  
4 PROPOSED FIELD OF MEMBERSHIP TYPE; AND

5 2. FILES WITH THE COMMISSIONER AN APPLICATION AND  
6 ANY OTHER DOCUMENTS THAT THE COMMISSIONER DEEMS NECESSARY TO MAKE A  
7 DETERMINATION; AND

8 (II) THE COMMISSIONER DETERMINES THAT THE CONVERSION:

9 1. IS IN THE BEST INTEREST OF THE EXISTING AND  
10 PROPOSED MEMBERSHIP;

11 2. WILL LIKELY RESULT IN BETTER SERVICE TO THE  
12 EXISTING MEMBERSHIP;

13 3. IS IN ACCORDANCE WITH SOUND CREDIT UNION  
14 PRACTICES; AND

15 4. DOES NOT EXPOSE THE FUNDS OF THE EXISTING  
16 MEMBERS TO UNNECESSARY RISK.

17 (2) UNLESS THE COMMISSIONER NOTIFIES THE CREDIT UNION THAT A  
18 DIFFERENT TIME PERIOD IS NECESSARY, WITHIN 120 DAYS AFTER THE APPLICATION  
19 IS FILED, THE COMMISSIONER SHALL NOTIFY THE CREDIT UNION OF THE  
20 DETERMINATION ON THE APPLICATION.

21 [(g)] (H) When the conversion is complete, the successor credit union owns all  
22 of the assets and is responsible for all the obligations of the credit union as though the  
23 conversion had not taken place.

24 [6-702.] 6-803.

25 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
26 INDICATED.

27 (2) "MERGING CREDIT UNION" MEANS A CREDIT UNION THAT IS  
28 ABSORBED OR ACQUIRED BY ANOTHER CREDIT UNION IN A MERGER AND CEASES TO  
29 EXIST AFTER THE MERGER.

30 (3) "SURVIVING CREDIT UNION" MEANS A CREDIT UNION THAT ABSORBS  
31 OR ACQUIRES ANOTHER CREDIT UNION IN A MERGER AND CONTINUES TO EXIST  
32 AFTER THE MERGER.

33 (4) "NEW CREDIT UNION" MEANS A CREDIT UNION THAT IS CREATED  
34 WHEN TWO OR MORE CREDIT UNIONS CONSOLIDATE TO FORM A NEWLY CREATED  
35 CREDIT UNION.

1 [(a)] (B) (1) (I) With the approval of the Commissioner, any credit union  
2 may merge [into any other credit union under the existing charter of the other credit  
3 union] OR CONSOLIDATE as provided in this section.

4 (II) A MERGER OR CONSOLIDATION UNDER THIS SECTION MAY BE  
5 WITH A CREDIT UNION ORGANIZED UNDER THE LAWS OF THE UNITED STATES, THIS  
6 STATE, OR ANY OTHER STATE.

7 (2) (I) A SINGLE COMMON BOND CREDIT UNION MAY MERGE OR  
8 CONSOLIDATE WITH ANOTHER SINGLE COMMON BOND CREDIT UNION RESULTING  
9 IN A SURVIVING OR NEW SINGLE COMMON BOND CREDIT UNION PROVIDED THAT  
10 THE CREDIT UNIONS PARTY TO THE MERGER OR CONSOLIDATION SHARE THE SAME  
11 SINGLE COMMON BOND, AS DEFINED UNDER § 6-301(C)(2) OF THIS TITLE, PRIOR AND  
12 SUBSEQUENT TO THE MERGER OR CONSOLIDATION.

13 (II) A SINGLE COMMON BOND CREDIT UNION MAY MERGE OR  
14 CONSOLIDATE WITH ANOTHER SINGLE COMMON BOND CREDIT UNION RESULTING  
15 IN A SURVIVING OR NEW MULTIPLE COMMON BOND CREDIT UNION PROVIDED THAT:

16 1. PRIOR TO THE MERGER OR CONSOLIDATION, ONE OF THE  
17 CREDIT UNIONS CONVERTS INTO A MULTIPLE COMMON BOND CREDIT UNION, AS  
18 PROVIDED UNDER §6-304 OF THIS TITLE, WHICH INCLUDES IN ITS FIELD OF  
19 MEMBERSHIP THE GROUP SERVED BY THE OTHER SINGLE COMMON BOND CREDIT  
20 UNION; AND

21 2. THE SURVIVING OR NEW MULTIPLE COMMON BOND  
22 CREDIT UNION SATISFIES THE REQUIREMENTS FOR MULTIPLE COMMON BONDS  
23 UNDER § 6-301(C)(3) AND (E) OF THIS TITLE.

24 (3) A SINGLE COMMON BOND CREDIT UNION MAY MERGE OR  
25 CONSOLIDATE WITH A MULTIPLE COMMON BOND CREDIT UNION RESULTING IN A  
26 SURVIVING OR NEW MULTIPLE COMMON BOND CREDIT UNION PROVIDED THAT:

27 (I) PRIOR TO THE MERGER OR CONSOLIDATION, THE MULTIPLE  
28 COMMON BOND CREDIT UNION INCLUDES OR ADDS TO ITS FIELD OF MEMBERSHIP  
29 THE GROUP SERVED BY THE SINGLE COMMON BOND CREDIT UNION, AS PROVIDED  
30 UNDER § 6-303 OF THIS TITLE; AND

31 (II) THE SURVIVING OR NEW MULTIPLE COMMON BOND CREDIT  
32 UNION SATISFIES THE REQUIREMENTS FOR MULTIPLE COMMON BONDS UNDER §  
33 6-301(C)(3) AND (E) OF THIS TITLE.

34 (4) A MULTIPLE COMMON BOND CREDIT UNION MAY MERGE OR  
35 CONSOLIDATE WITH ANOTHER MULTIPLE COMMON BOND CREDIT UNION  
36 RESULTING IN A SURVIVING OR NEW MULTIPLE COMMON BOND CREDIT UNION  
37 PROVIDED THAT:

38 (I) PRIOR TO THE MERGER OR CONSOLIDATION, ONE OF THE  
39 MULTIPLE COMMON BOND CREDIT UNIONS INCLUDES OR ADDS TO ITS FIELD OF

1 MEMBERSHIP THE GROUPS SERVED BY THE OTHER MULTIPLE COMMON BOND  
2 CREDIT UNION, AS PROVIDED UNDER § 6-303 OF THIS TITLE; AND

3 (II) THE SURVIVING OR NEW MULTIPLE COMMON BOND CREDIT  
4 UNION SATISFIES THE REQUIREMENTS FOR MULTIPLE COMMON BONDS UNDER §  
5 6-301(C)(3) AND (E) OF THIS TITLE.

6 (5) A SINGLE OR MULTIPLE COMMON BOND CREDIT UNION MAY MERGE,  
7 AS THE MERGING CREDIT UNION, WITH A COMMUNITY CREDIT UNION, AS THE  
8 SURVIVING CREDIT UNION, PROVIDED THAT:

9 (I) 1. THE MERGING CREDIT UNION HAS A BRANCH WITHIN THE  
10 COMMUNITY BOUNDARIES OF THE SURVIVING CREDIT UNION; OR

11 2. A MAJORITY OF THE MEMBERS IN THE FIELD OF  
12 MEMBERSHIP OF THE MERGING CREDIT UNION WOULD QUALIFY FOR MEMBERSHIP  
13 IN THE SURVIVING CREDIT UNION;

14 (II) NO LESS THAN 30 DAYS BEFORE THE EFFECTIVE DATE OF THE  
15 MERGER, THE MERGING CREDIT UNION GIVES NOTICE OF THE MERGER TO ALL  
16 GROUPS OF POTENTIAL MEMBERS OF THE MERGING CREDIT UNION THAT WILL BE  
17 REMOVED FROM THE FIELD OF MEMBERSHIP AS A RESULT OF THE MERGER; AND

18 (III) ON AND AFTER THE EFFECTIVE DATE OF THE MERGER, THE  
19 SURVIVING CREDIT UNION:

20 1. MAY NOT CONTINUE TO SERVE GROUPS WITHIN THE  
21 FIELD OF MEMBERSHIP OF THE MERGING CREDIT UNION THAT ARE LOCATED  
22 OUTSIDE THE COMMUNITY BOUNDARIES OF THE SURVIVING CREDIT UNION; AND

23 2. MAY CONTINUE TO SERVE MEMBERS OF A GROUP  
24 IDENTIFIED UNDER ITEM 1 OF THIS PARAGRAPH WHO ARE MEMBERS BEFORE THE  
25 EFFECTIVE DATE OF THE MERGER.

26 (6) A COMMUNITY CREDIT UNION MAY MERGE OR CONSOLIDATE WITH  
27 ANOTHER COMMUNITY CREDIT UNION PROVIDED THAT:

28 (I) THE MEMBERS OF THE SURVIVING OR NEW CREDIT UNION  
29 REMAIN WITHIN A SINGLE WELL-DEFINED LOCAL COMMUNITY, NEIGHBORHOOD,  
30 RURAL DISTRICT, OR COUNTY; AND

31 (II) THE SURVIVING OR NEW CREDIT UNION IS WITHIN  
32 REASONABLE GEOGRAPHIC PROXIMITY TO THE MEMBERS OF THE CREDIT UNION  
33 PARTY TO THE MERGER OR CONSOLIDATION.

34 (7) EXCEPT AS PROVIDED IN PARAGRAPHS (8) AND (9) OF THIS  
35 SUBSECTION, A COMMUNITY CREDIT UNION MAY NOT MERGE, AS A MERGING  
36 CREDIT UNION, WITH A SINGLE OR MULTIPLE COMMON BOND CREDIT UNION.



1           (8)     NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (2), (3), (4), OR  
2 (5) OF THIS SUBSECTION OR THE NUMERICAL LIMITATIONS PRESCRIBED IN § 6-301(E)  
3 OF THIS TITLE, THE COMMISSIONER MAY APPROVE THE MERGER OR  
4 CONSOLIDATION OF ANY CREDIT UNION WITH A MULTIPLE COMMON BOND CREDIT  
5 UNION, AS A NEW OR SURVIVING CREDIT UNION, WHEN SAFETY AND SOUNDNESS  
6 CONCERNS ARE PRESENT AS DETERMINED BY THE COMMISSIONER.

7           (9)     NOTWITHSTANDING THE PROVISIONS OF PARAGRAPHS (2) THROUGH  
8 (8) OF THIS SUBSECTION, THE COMMISSIONER MAY APPROVE THE MERGER OR  
9 CONSOLIDATION OF ANY CREDIT UNION, WHETHER OR NOT THE CREDIT UNIONS  
10 PARTY TO THE MERGER OR CONSOLIDATION HAVE THE SAME FIELD OF  
11 MEMBERSHIP TYPE, IF:

12                   (I)     ANY OF THE CREDIT UNIONS PARTY TO THE MERGER OR  
13 CONSOLIDATION IS INSOLVENT OR LIKELY TO BECOME INSOLVENT;

14                   (II)    THE MERGER OR CONSOLIDATION IS IN THE BEST INTEREST OF  
15 THE MEMBERSHIP OF THE CREDIT UNIONS PARTY TO THE MERGER OR  
16 CONSOLIDATION ; AND

17                   (III)   THE MERGER OR CONSOLIDATION WILL NOT ADVERSELY  
18 AFFECT THE FINANCIAL CONDITION OF THE SURVIVING OR NEW CREDIT UNION.

19     (C)     (1)     IF THE SURVIVING OR NEW CREDIT UNION WILL BE A STATE CREDIT  
20 UNION:

21                   (I)     THE MERGER OR CONSOLIDATION SHALL BE MADE IN  
22 ACCORDANCE WITH THE PROVISIONS OF THIS SUBTITLE; AND

23                   (II)    IF ONE OF THE CREDIT UNIONS IS A FEDERAL CREDIT UNION,  
24 FEDERAL LAW GOVERNS ITS ACTIONS AND THE RIGHTS OF ITS MEMBERS.

25                   (2)     IF THE SURVIVING OR NEW CREDIT UNION WILL BE A FEDERAL  
26 CREDIT UNION:

27                   (I)     THE MERGER OR CONSOLIDATION SHALL BE MADE IN  
28 ACCORDANCE WITH FEDERAL LAW WHICH GOVERNS ITS ACTIONS AND THE RIGHTS  
29 OF ITS MEMBERS; AND

30                   (II)    THE MERGER OR CONSOLIDATION SHALL BE MADE IN  
31 ACCORDANCE WITH THE PROVISIONS OF THIS SUBTITLE FOR A STATE CREDIT UNION  
32 AND THE RIGHTS OF ITS MEMBERS.

33                   (3)     IF THE SURVIVING OR NEW CREDIT UNION WILL BE ANOTHER STATE  
34 CREDIT UNION:

35                   (I)     THE MERGER OR CONSOLIDATION SHALL BE MADE IN  
36 ACCORDANCE WITH THE PROVISIONS OF THIS SUBTITLE FOR THE STATE CREDIT  
37 UNION AND THE RIGHTS OF ITS MEMBERS; AND

1 (II) THE MERGER OR CONSOLIDATION SHALL BE MADE IN  
2 ACCORDANCE WITH THE PROVISIONS OF THE OTHER STATE LAWS FOR THE OTHER  
3 STATE CREDIT UNION AND THE RIGHTS OF ITS MEMBERS.

4 [(b)] (D) A majority of the board [of directors] of each credit union proposing a  
5 merger OR CONSOLIDATION shall:

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

8 (2) Set a date for a vote on the proposed merger OR CONSOLIDATION by  
9 the members of each credit union party to the merger OR CONSOLIDATION AT ANY  
10 ANNUAL OR SPECIAL MEETING OF THE MEMBERSHIP OR by mail ballot to be filed on  
11 or before that date.

12 [(c)] (E) The Commissioner, at the request of the board [of directors of a credit  
13 union], may:

14 (1) [waive the requirement for a mail ballot and may] WAIVE THE VOTE  
15 OF THE MEMBERS; AND

16 (2) [substitute] SUBSTITUTE any reasonable method of determining the  
17 [vote of] APPROVAL BY the members.

18 [(d)] (F) The merger OR CONSOLIDATION shall be in accordance with a plan  
19 that [is]:

20 (1) STATES THE FIELD OF MEMBERSHIP TYPE THAT THE SURVIVING OR  
21 NEW CREDIT UNION WILL HAVE;

22 [(1)] (2) [Agreed] IS AGREED to by a majority of the board [of directors]  
23 of each credit union party to the merger OR CONSOLIDATION; and

24 [(2)] (3) [Approved] UNLESS PROVIDED OTHERWISE BY THE  
25 COMMISSIONER, IS APPROVED by the members of each credit union party to the  
26 merger OR CONSOLIDATION, by the affirmative vote of a majority of the members of  
27 each credit union party to the merger OR CONSOLIDATION who vote on the proposal.

28 [(e)] (G) (1) After agreement by the [directors] BOARD and approval by the  
29 members of [the merging] EACH credit [unions, the president and secretary], UNION  
30 PARTY TO THE MERGER OR CONSOLIDATION TWO OFFICERS of each credit union  
31 party to the merger OR CONSOLIDATION shall execute a certificate of merger OR  
32 CONSOLIDATION.

33 (2) The certificate of merger OR CONSOLIDATION shall include as to each  
34 credit union party to the merger OR CONSOLIDATION:

35 (i) The time and place of the meeting of the board [of directors] at  
36 which the plan was agreed to;

1 (ii) The vote by which the plan was agreed to by the [directors]  
2 BOARD;

3 (iii) A copy of the resolution or other action by which the plan was  
4 agreed to by the [directors] BOARD;

5 (iv) The date on or by which the plan was approved by the members  
6 OF EACH CREDIT UNION; and

7 (v) [The] UNLESS PROVIDED OTHERWISE BY THE COMMISSIONER,  
8 THE vote by which the plan was approved by the members OF EACH CREDIT UNION.

9 [(f)] (H) [The certificate of merger and a copy of the plan of merger shall be:

10 (1) Sent to the Commissioner; and

11 (2) If approved by the Commissioner, certified by the Commissioner and  
12 returned to each credit union party to the merger within 30 days.]

13 (1) A CREDIT UNION MAY MERGE OR CONSOLIDATE IF:

14 (I) 1. THE SURVIVING OR NEW CREDIT UNION MEETS THE  
15 COMMON BOND REQUIREMENTS OF THE PROPOSED FIELD OF MEMBERSHIP TYPE;  
16 AND

17 2. EACH CREDIT UNION PARTY TO THE MERGER OR  
18 CONSOLIDATION FILES WITH THE COMMISSIONER:

19 A. THE CERTIFICATE OF MERGER OR CONSOLIDATION;

20 B. A COPY OF THE PLAN OF MERGER OR CONSOLIDATION;  
21 AND

22 C. ANY OTHER DOCUMENTS THAT THE COMMISSIONER  
23 DEEMS NECESSARY TO MAKE A DETERMINATION ON THE APPLICATION; AND

24 (II) THE COMMISSIONER DETERMINES THAT:

25 1. EACH CREDIT UNION PARTY TO THE MERGER OR  
26 CONSOLIDATION HAS NOT ENGAGED IN ANY MATERIAL UNSAFE OR UNSOUND  
27 PRACTICE DURING THE 1-YEAR PERIOD PRECEDING THE DATE OF FILING OF THE  
28 CERTIFICATE OF MERGER OR CONSOLIDATION;

29 2. THE SURVIVING OR NEW CREDIT UNION HAS ADEQUATE  
30 NET WORTH;

31 3. THE SURVIVING OR NEW CREDIT UNION HAS THE  
32 ADMINISTRATIVE CAPABILITY TO SERVE THE MEMBERS OF THE SURVIVING OR NEW  
33 CREDIT UNION AND THE FINANCIAL RESOURCES TO MEET THE NEED FOR  
34 ADDITIONAL STAFF AND ASSETS TO SERVE THE SURVIVING OR NEW CREDIT UNION;  
35 AND



1 (1) RECOMMENDS THAT THE CREDIT UNION BE DISSOLVED  
2 VOLUNTARILY; AND

3 (2) DIRECTS THAT A PROPOSAL OF DISSOLUTION BE SUBMITTED TO THE  
4 MEMBERS.

5 [(b)] (C) (1) A proposed dissolution shall be approved at [a ] AN ANNUAL OR  
6 SPECIAL meeting [called for that purpose] OF THE MEMBER OR BY MAIL BALLOT by  
7 the affirmative vote of [80 percent] TWO-THIRDS of the entire membership of the  
8 credit union.

9 (2) [Each member who votes for the dissolution shall sign a statement of  
10 consent to the dissolution.] THE COMMISSIONER MAY SUBSTITUTE ANY  
11 REASONABLE METHOD OF DETERMINING THE VOTE OF THE MEMBERS.

12 [(c)] (D) After a proposed dissolution is approved by the members, the credit  
13 union shall file with the Commissioner:

14 (1) A copy of the [statement of consent] RESOLUTION OF THE BOARD  
15 RECOMMENDING VOLUNTARY DISSOLUTION, attested to by:

16 (I) [its president or a vice-president] THE CHAIRMAN OR VICE  
17 CHAIRMAN OF THE BOARD; and

18 (II) [by its] THE secretary or treasurer OF THE CREDIT UNION;  
19 [and]

20 (2) A verified statement of the names and addresses of [its] THE officers  
21 and directors OF THE CREDIT UNION; AND

22 (3) THE VOTE BY WHICH THE VOLUNTARY DISSOLUTION WAS  
23 APPROVED BY THE MEMBERS.

24 [(d)] (E) (1) If the Commissioner finds that the credit union is solvent, the  
25 Commissioner shall issue to the credit union duplicate certificates stating that the  
26 credit union appears to have complied with this section.

27 (2) The credit union shall file one of the certificates with the State  
28 Department of Assessments and Taxation.

29 [(e)] (F) When the certificate is filed with the State Department of  
30 Assessments and Taxation, the credit union is dissolved.

31 [(f)] (G) (1) On dissolution, a credit union may operate only to wind up its  
32 business and affairs.

33 (2) Under the direction of the Commissioner, the [board of directors]  
34 LIQUIDATING AGENT of the dissolved credit union, APPOINTED BY THE BOARD, shall:

35 (i) Discharge its debts and obligations;

- 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] AND LIQUIDATING AGENT:

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.] 6-805.

9 (a) Any credit union voluntarily may place its business and assets in the  
10 hands of the Commissioner for liquidation as provided in this section.

11 (b) A majority of the board [of directors of a credit union] proposing a  
12 voluntary 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 AT AN ANNUAL OR SPECIAL MEETING OF THE MEMBERS  
17 OR by mail ballot to be filed on or before that date.

18 (c) The Commissioner, at the request of the board [of directors of a credit  
19 union], may:

20 (1) [waive the requirement for a mail ballot and may]WAIVE THE VOTE  
21 OF THE MEMBERS; AND

22 (2) [substitute] SUBSTITUTE any reasonable method of determining the  
23 [vote of] APPROVAL BY the members.

24 (d) [The] UNLESS THE COMMISSIONER TAKES ACTION UNDER SUBSECTION  
25 (C) OF THIS SECTION, THE proposed voluntary receivership shall be approved by the  
26 affirmative vote of a majority of the members of the credit union who vote on the  
27 proposal.

28 (e) After the action is approved by the members, the proper officers of the  
29 credit union shall certify the action of the members to the Commissioner, and the  
30 Commissioner shall post a notice at each office of the credit union that states: "This  
31 credit union is in the hands of the Maryland Commissioner of Financial Regulation  
32 for liquidation."

33 (f) If a credit union is placed in the hands of the Commissioner under this  
34 section, the Commissioner shall place the credit union in receivership for liquidation  
35 in the same manner as provided for a banking institution under Title 5, Subtitle 6 of  
36 this article.

1 6-806.

2 WITH THE APPROVAL OF THE COMMISSIONER, A CREDIT UNION MAY PURCHASE  
3 THE ASSETS OR ASSUME THE LIABILITIES OF ANOTHER CREDIT UNION WHETHER OR  
4 NOT THE CREDIT UNIONS HAVE THE SAME FIELD OF MEMBERSHIP TYPE, IF:

5 (1) THE OTHER CREDIT UNION IS INSOLVENT OR LIKELY TO BECOME  
6 INSOLVENT;

7 (2) THE PURCHASE OR ASSUMPTION IS IN THE BEST INTEREST OF THE  
8 MEMBERSHIP OF THE OTHER CREDIT UNION; AND

9 (3) THE PURCHASE OR ASSUMPTION WILL NOT ADVERSELY AFFECT THE  
10 FINANCIAL CONDITION OF THE CREDIT UNION THAT MAKES THE PURCHASE OR  
11 ASSUMPTION.

12 6-807.

13 (A) A CREDIT UNION MAY ESTABLISH A BRANCH IN THE STATE IN  
14 ACCORDANCE WITH THE PROVISIONS OF THIS SECTION.

15 (B) (1) A CREDIT UNION THAT PROPOSES TO ESTABLISH A BRANCH IN THE  
16 STATE SHALL:

17 (I) FILE WITH THE COMMISSIONER, AT LEAST 30 DAYS BEFORE  
18 THE INTENDED OPENING DATE, A NOTICE OF INTENTION TO OPEN A BRANCH;

19 (II) SUBMIT TO THE COMMISSIONER ANY INFORMATION THE  
20 COMMISSIONER REQUIRES IN ORDER TO EVALUATE THE PROPOSED BRANCH; AND

21 (III) PAY TO THE COMMISSIONER A BRANCH FEE OF \$100.

22 (2) THE BRANCH FEE MAY NOT APPLY TO A BRANCH THAT IS ACQUIRED  
23 BY A CREDIT UNION THROUGH A MERGER OR CONSOLIDATION WITH, OR TRANSFER  
24 TO THE CREDIT UNION OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF, A CREDIT  
25 UNION.

26 (C) IN DECIDING WHETHER TO APPROVE THE ESTABLISHMENT OF A BRANCH,  
27 THE COMMISSIONER SHALL CONSIDER WHETHER:

28 (1) THE ESTABLISHMENT OF THE BRANCH WILL PROMOTE THE  
29 CONVENIENCE OF THE MEMBERS OF THE CREDIT UNION;

30 (2) THE APPLICANT HAS SUFFICIENT NET WORTH TO SUPPORT THE  
31 BRANCH; AND

32 (3) THE APPLICANT GENERALLY IS OPERATING IN COMPLIANCE WITH  
33 THE PROVISIONS OF THIS TITLE.

1 (D) (1) THE COMMISSIONER SHALL DECIDE WHETHER TO APPROVE THE  
2 ESTABLISHMENT OF A BRANCH WITHIN 30 DAYS OF RECEIPT OF THE NOTICE  
3 SPECIFIED IN SUBSECTION (B)(1) OF THIS SECTION.

4 (2) THE ESTABLISHMENT OF A BRANCH SHALL BE DEEMED APPROVED  
5 IF THE COMMISSIONER TAKES NO ACTION ON THE NOTICE WITHIN THE TIME LIMIT  
6 SPECIFIED IN THIS SUBSECTION.

7 6-808.

8 (A) AN OUT-OF-STATE CREDIT UNION SHALL PROVIDE THE COMMISSIONER,  
9 WITHIN 15 DAYS OF OPENING A BRANCH IN THE STATE, WITH A NOTICE OF THE  
10 OPENING OF THE BRANCH.

11 (B) A CREDIT UNION CHARTERED AND PRIMARILY REGULATED BY ANOTHER  
12 STATE THAT PROPOSES TO ESTABLISH A BRANCH IN THIS STATE SHALL QUALIFY  
13 UNDER § 7-203 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE TO DO BUSINESS  
14 IN THE STATE AS A FOREIGN CORPORATION.

15 (C) AN OUT-OF-STATE CREDIT UNION THAT HAS A BRANCH IN THIS STATE  
16 MAY ESTABLISH ADDITIONAL BRANCHES IN THIS STATE:

17 (1) TO THE SAME EXTENT AS A CREDIT UNION; OR

18 (2) TO THE EXTENT OTHERWISE PERMITTED BY FEDERAL LAW.

19 6-809.

20 (A) A CREDIT UNION MAY REQUIRE NOT MORE THAN 60 DAYS' NOTICE OF A  
21 MEMBER'S INTENTION TO WITHDRAW FROM A SHARE ACCOUNT OR DEPOSIT  
22 ACCOUNT.

23 (B) A REQUIREMENT IMPOSED UNDER SUBSECTION (A) OF THIS SECTION  
24 SHALL:

25 (1) APPLY TO ALL MEMBERS OF THE CREDIT UNION; AND

26 (2) BE INCLUDED IN EACH MEMBER'S ACCOUNT AGREEMENT.

27 SUBTITLE 9. PROHIBITED ACTIVITIES; PENALTIES.

28 [6-104.] 6-901.

29 (a) (1) Except for a credit union authorized to do business in this State, a  
30 person may not:

31 (I) [use] USE OR ADVERTISE any name or title that contains the  
32 words "credit union" OR ANY DERIVATION OF THAT TERM;

33 (II) REPRESENT ITSELF AS A CREDIT UNION;



1 (III) CONDUCT BUSINESS AS A CREDIT UNION; OR

2 (IV) CONDUCT BUSINESS UNDER A NAME OR TITLE THAT:

3 1. INDICATES OR REASONABLY IMPLIES THAT THE PERSON  
4 ENGAGES IN OR TRANSACTS THE TYPE OF BUSINESS CONDUCTED BY A CREDIT  
5 UNION; OR

6 2. IS CALCULATED TO LEAD A PERSON TO BELIEVE THAT  
7 THE BUSINESS ENGAGED IN OR TRANSACTED IS THE TYPE OF BUSINESS  
8 CONDUCTED BY A CREDIT UNION.

9 (2) Any person who violates any provision of this subsection is guilty of a  
10 misdemeanor and on conviction is subject to a fine not exceeding [\$500,] \$3,000 or  
11 imprisonment not exceeding [6 months,] 5 YEARS or both PER OCCURRENCE.

12 (b) This section does not apply to an association or league of credit unions,  
13 whether or not the association or league is incorporated.

14 [6-310.] 6-902.

15 (a) A person may not willfully make, circulate, or send to another person any  
16 untrue statement that is derogatory to the financial condition or that affects the  
17 solvency or financial standing of any credit union doing business in the State, or  
18 counsel, aid, procure, or induce another to make, circulate, or send to another person  
19 such a statement.

20 (b) A person that violates any provision of this section is guilty of a  
21 misdemeanor and on conviction is subject to a fine not exceeding \$1,000 or  
22 imprisonment not exceeding 3 years or both.

23 6-903.

24 (A) AN OFFICER, OFFICIAL, OR EMPLOYEE OF A CREDIT UNION MAY NOT  
25 WILLFULLY AND KNOWINGLY MAKE OR CAUSE TO BE MADE A FALSE STATEMENT OR  
26 FALSE ENTRY IN THE RECORDS OF THE CREDIT UNION OR, WITH THE INTENT TO  
27 DECEIVE A PERSON AUTHORIZED TO EXAMINE THE AFFAIRS OF THE CREDIT UNION,  
28 SIGN OR EXHIBIT FALSE RECORDS.

29 (B) AN OFFICER, OFFICIAL, OR EMPLOYEE WHO VIOLATES ANY PROVISION OF  
30 THIS SECTION IS GUILTY OF A FELONY AND ON CONVICTION IS SUBJECT TO A FINE  
31 NOT EXCEEDING \$5,000 OR IMPRISONMENT NOT EXCEEDING 10 YEARS OR BOTH.

32 6-904.

33 (A) AN OFFICER OR OFFICIAL WHO IN ANY WAY KNOWINGLY PERMITS OR  
34 PARTICIPATES IN MAKING A LOAN IN VIOLATION OF § 6-611 OF THIS TITLE IS GUILTY  
35 OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING  
36 \$3,000 OR IMPRISONMENT NOT EXCEEDING 5 YEARS OR BOTH, PER OCCURRENCE.

1 (B) IF A LOAN IS MADE IN VIOLATION OF § 6-611 OF THIS TITLE, THE CREDIT  
2 UNION MAY RECOVER THE AMOUNT OF THE LOAN FROM:

3 (1) ANY BORROWER; OR

4 (2) ANY OFFICER OR OFFICIAL WHO KNOWINGLY PERMITTED OR  
5 PARTICIPATED IN MAKING THE LOAN.

6 [6-307.] 6-905.

7 (a) The Commissioner may order a credit union, OR ENTER INTO AN  
8 AGREEMENT WITH A CREDIT UNION, to take corrective action if the Commissioner  
9 finds that the credit union:

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

11 (2) Is insolvent;

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

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

14 (b) (1) Before the order becomes effective, the Commissioner shall give the  
15 credit union an opportunity for a hearing.

16 (2) NOTICE OF THE HEARING SHALL BE GIVEN AND THE HEARING  
17 SHALL BE HELD IN ACCORDANCE WITH TITLE 10 OF THE STATE GOVERNMENT  
18 ARTICLE.

19 (C) IF THE COMMISSIONER DETERMINES THAT THE VIOLATION OR PRACTICE  
20 UNDER SUBSECTION (A) OF THIS SECTION REQUIRES IMMEDIATE ACTION TO  
21 PROTECT DEPOSITORS OR MEMBERS, THE COMMISSIONER:

22 (1) MAY ISSUE A CEASE AND DESIST ORDER THAT IS EFFECTIVE ON  
23 SERVICE; AND

24 (2) SHALL GIVE THE CREDIT UNION AN OPPORTUNITY FOR A HEARING  
25 TO RESCIND THE ORDER.

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

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

31 (2) Order the [Credit Union Insurance Corporation] CREDIT UNION  
32 SHARE GUARANTY CORPORATION THAT INSURES THE CREDIT UNION to take  
33 possession of the business and assets of the credit union and operate it in accordance  
34 with the Commissioner's instructions until the Commissioner permits it to resume

1 business or until the Commissioner orders its liquidation under item (3) of this  
2 subsection; or

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

5 [6-307.1.] 6-906.

6 (a) The Commissioner shall order any credit union to cease and desist from:

7 (1) An unsafe or unsound [banking] practice;

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

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

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

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

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

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

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

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

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

27 [6-307.2.] 6-907.

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

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

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

4 (b) (1) If the Commissioner finds that the unsafe or unsound practice  
5 continues after the warning and the officer, [director, or committee member]  
6 OFFICIAL, AGENT, OR EMPLOYEE was provided an opportunity to be heard, the  
7 Commissioner may remove the officer, [director, or committee member] OFFICIAL,  
8 AGENT, OR EMPLOYEE with the approval of the Secretary of Labor, Licensing, and  
9 Regulation.

10 (2) NOTICE OF THE HEARING SHALL BE GIVEN AND THE HEARING  
11 SHALL BE HELD IN ACCORDANCE WITH TITLE 10 OF THE STATE GOVERNMENT  
12 ARTICLE.

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

15 (D) IF THE COMMISSIONER DETERMINES THAT THE UNSAFE OR UNSOUND  
16 PRACTICE UNDER SUBSECTION (A) OF THIS SECTION REQUIRES IMMEDIATE ACTION  
17 TO PROTECT DEPOSITORS OR MEMBERS, THE COMMISSIONER:

18 (1) MAY ISSUE A CEASE AND DESIST ORDER THAT IS EFFECTIVE ON  
19 SERVICE; AND

20 (2) SHALL GIVE THE OFFICER OR OFFICIAL AN OPPORTUNITY FOR A  
21 HEARING TO RESCIND THE ORDER.

22 [6-307.3.] 6-908.

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

29 (b) (1) The Commissioner shall send a written warning to [a director,] AN  
30 officer, [committee member] OFFICIAL, agent, or employee of a credit union who the  
31 Commissioner believes has violated any provision of this title.

32 (2) If after a warning the violation continues, the [director,] officer,  
33 [committee member] OFFICIAL, agent, or employee may be removed [under § 6-307]  
34 AS PROVIDED IN § 6-907(B) of this [title] SUBTITLE.

35 (3) Unless otherwise specified, any [director,] officer, [committee  
36 member] OFFICIAL, agent, or employee of a credit union who violates the provisions  
37 of this title is guilty of a misdemeanor and on conviction is subject to a fine not  
38 exceeding \$3,000 or imprisonment not exceeding 5 years.

1 (C) IF THE COMMISSIONER DETERMINES THAT THE VIOLATION UNDER  
2 SUBSECTION (A) OF THIS SECTION REQUIRES IMMEDIATE ACTION TO PROTECT  
3 DEPOSITORS OR MEMBERS, THE COMMISSIONER:

4 (1) MAY ISSUE A CEASE AND DESIST ORDER THAT IS EFFECTIVE ON  
5 SERVICE; AND

6 (2) SHALL GIVE THE OFFICER, OFFICIAL, AGENT, OR EMPLOYEE AN  
7 OPPORTUNITY FOR A HEARING TO RESCIND THE ORDER.

8 [6-309.]6-909.

9 (a) Except as otherwise provided in this article, the Commissioner and the  
10 employees of and the attorney for the Commissioner's office may not disclose:

11 (1) The name of any debtor of a credit union;

12 (2) Any information about the private accounts with or transactions of a  
13 credit union;

14 (3) Any information obtained in the course of examining a credit union;  
15 or

16 (4) Any confidential information obtained from a credit union authority.

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

18 (1) In performing a public duty to report on or take special action about  
19 the business of a credit union;

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

21 (3) In informing any [director or authorized] OFFICIAL, officer,  
22 employee, or agent of a credit union under examination of the results of that  
23 examination.

24 (c) (1) The Commissioner may give [the Credit Union Insurance  
25 Corporation or the National Credit Union Administration Share Insurance Program]  
26 A CREDIT UNION SHARE GUARANTY CORPORATION information about a credit union  
27 if:

28 [(1)] (I) The credit union is insured by the [Credit Union Insurance  
29 Corporation or the National Credit Union Administration Share Insurance Program]  
30 CREDIT UNION SHARE GUARANTY CORPORATION; or

31 [(2)] (II) The credit union:

32 [(i)] 1. Is applying for insurance from the [Credit Union  
33 Insurance Corporation or the National Credit Union Administration Share Insurance  
34 Program] CREDIT UNION SHARE GUARANTY CORPORATION; and

1 [(ii)] 2. Requests the Commissioner to provide the information.

2 (2) THE COMMISSIONER MAY GIVE THE NATIONAL CREDIT UNION  
3 ADMINISTRATION SHARE INSURANCE PROGRAM INFORMATION ABOUT A CREDIT  
4 UNION IF:

5 (I) THE CREDIT UNION IS INSURED BY THE NATIONAL CREDIT  
6 UNION ADMINISTRATION SHARE INSURANCE PROGRAM; OR

7 (II) THE CREDIT UNION:

8 1. IS APPLYING FOR INSURANCE FROM THE NATIONAL  
9 CREDIT UNION ADMINISTRATION SHARE INSURANCE PROGRAM; AND

10 2. REQUESTS THE COMMISSIONER TO PROVIDE THE  
11 INFORMATION.

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

14 (1) Remains the property of the Commissioner; and

15 (2) May not be further disclosed by that person without the written  
16 permission of the Commissioner.

17 (e) A person that violates any provision of this section is guilty of a  
18 misdemeanor and on conviction is subject to:

19 (1) Forfeiture of the person's office or employment; and

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

22 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
23 read as follows:

24 **Article - Financial Institutions**

25 6-101.

26 (f) (1) "Credit union share guaranty corporation" means A CORPORATION  
27 ENGAGED IN THE BUSINESS OF GUARANTEEING OR INSURING PAYMENT OF A  
28 CREDIT UNION SHARE OR DEPOSIT ACCOUNT.

29 (2) "CREDIT UNION SHARE GUARANTY CORPORATION" INCLUDES the  
30 Credit Union Insurance Corporation established under Title 7 of this article.

31 6-701.

32 (a) Each credit union incorporated under the laws of this State shall:

1 (1) [Be a member of a credit union share guaranty corporation and have  
2 its member accounts insured by that corporation on the same basis and to the same  
3 extent and amount as provided by the National Credit Union Administration Share  
4 Insurance Program; or

5 (2)] Participate in and have its member accounts insured under the  
6 National Credit Union Administration Share Insurance Program; OR

7 (2) PARTICIPATE IN AND HAVE ITS MEMBER ACCOUNTS INSURED BY A  
8 CREDIT UNION SHARE GUARANTY CORPORATION THAT IS APPROVED BY THE  
9 COMMISSIONER TO AT LEAST THE SAME EXTENT AND AMOUNT AS PROVIDED BY THE  
10 NATIONAL CREDIT UNION ADMINISTRATION SHARE INSURANCE PROGRAM.

11 (B) (1) THE COMMISSIONER MAY EXAMINE ANY CREDIT UNION SHARE  
12 GUARANTY CORPORATION THAT INSURES THE MEMBER ACCOUNTS OF A CREDIT  
13 UNION THAT IS SUBJECT TO THIS TITLE.

14 (2) THE COMMISSIONER MAY CHARGE THE REASONABLE COST OF AN  
15 EXAMINATION CONDUCTED UNDER PARAGRAPH (1) OF THIS SUBSECTION TO THE  
16 CREDIT UNION SHARE GUARANTY CORPORATION THAT IS EXAMINED.

17 (C) A CREDIT UNION SHARE GUARANTY CORPORATION, ITS MEMBERS, AND  
18 PERSONS WHO HAVE SHARE AND DEPOSIT ACCOUNTS IN CREDIT UNIONS ARE NOT  
19 SUBJECT TO THE PROVISIONS OF THE INSURANCE ARTICLE AS A RESULT OF ANY OF  
20 THE ACTIVITIES OF THE CREDIT UNION SHARE GUARANTY CORPORATION UNDER  
21 THIS TITLE.

22 [(b)] (D) [No] A credit union may NOT voluntarily terminate its insurance  
23 with the National Credit Union Administration Share Insurance Program OR A  
24 CREDIT UNION SHARE GUARANTY CORPORATION without prior approval of the  
25 Commissioner.

26 SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the  
27 General Assembly that the purpose of this Act is to:

28 (1) Safeguard the public interest;

29 (2) Promote public confidence in credit unions doing business in this  
30 State;

31 (3) Provide for the protection of the interest, shares, and deposits of  
32 credit unions;

33 (4) Delegate to the Commissioner of Financial Regulation discretionary  
34 authority that may be necessary to assure that credit unions operating under this Act  
35 may be sufficiently flexible and readily responsive to changes in economic conditions  
36 and practices;

1 (5) Maintain sound credit union growth and financial integrity, fiscal  
2 responsibility, and independent judgment in the management of the business affairs  
3 of credit unions;

4 (6) Permit credit unions to effectively provide financial services;

5 (7) Provide effective supervision and regulation of credit unions and  
6 their fields of membership types, including giving the Commissioner of Financial  
7 Regulation sufficient discretionary authority to assure that credit unions operate in a  
8 safe and sound manner; and

9 (8) Clarify and modernize the law governing credit unions doing  
10 business in this State.

11 SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the  
12 General Assembly that the Task Force to Study the Modernization of Credit Union  
13 Law, established under Chapter 604 of the Acts of the General Assembly of 1999, shall  
14 continue to meet after the 2001 Session and shall report to the General Assembly, in  
15 accordance with § 2-1246 of the State Government Article, on or before June 30, 2001  
16 on:

17 (1) The dissolution of the Credit Union Insurance Corporation;

18 (2) The policy and standards for the regulation by the Commissioner of  
19 Financial Regulation of credit union share guaranty corporations that seek to insure  
20 the member accounts of credit unions regulated by the Commissioner; and

21 (3) Any other issues that the Task Force determines are appropriate for  
22 consideration by the General Assembly concerning credit unions.

23 SECTION 5. 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  
25 reason in a court of competent jurisdiction, the invalidity does not affect other  
26 provisions or any other application of this Act which can be given effect without the  
27 invalid provision or application, and for this purpose the provisions of this Act are  
28 declared severable.

29 SECTION 6. AND BE IT FURTHER ENACTED, That the provisions of § 6-706  
30 of the Financial Institutions Article, as enacted by Section 1 of this Act, do not affect  
31 the legality of investments in fixed assets made prior to October 1, 2001.

32 SECTION 7. AND BE IT FURTHER ENACTED, That a member of a credit  
33 union as of October 1, 2001 may remain a member of the credit union after October 1,  
34 2001. A member of any group whose members constitute a portion of the membership  
35 of a credit union as of October 1, 2001 shall continue to be eligible to become a  
36 member of that credit union, by virtue of membership in that group, after October 1,  
37 2001. If the common bond of any group referred to in this section is defined by a  
38 particular organization or business entity, the provisions of this section shall continue  
39 to apply with respect to any successor to the organization or entity.



1 SECTION 8. AND BE IT FURTHER ENACTED, That the publisher of the  
2 Annotated Code of Maryland, subject to the approval of the Department of Legislative  
3 Services, shall correct any cross-references throughout the Code that are rendered  
4 incorrect or obsolete by this Act.

5 SECTION 9. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
6 take effect July 1, 2002.

7 SECTION 10. AND BE IT FURTHER ENACTED, That, except as provided in  
8 Section 9 of this Act, this Act shall take effect October 1, 2001.