
By: **Delegate McIntosh (Co-Chairman, Task Force to Study the Modernization of Credit Union Law) and ~~Delegate Brinkley~~ Delegates Brinkley, Benson, Bobo, Bronrott, Clagett, DeCarlo, Dobson, Dypski, Glassman, Mandel, Paige, Parrott, Snodgrass, Swain, and Wood**

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CHAPTER _____

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

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

44 BY repealing and reenacting, with amendments,
45 Article - Commercial Law
46 Section 12-905
47 Annotated Code of Maryland

1 (2000 Replacement Volume and 2000 Supplement)

2 BY repealing and reenacting, with amendments,

3 Article - Financial Institutions

4 Section 1-403; 6-101 through 6-103 to be under the amended subtitle "Subtitle

5 2. General Provisions"; 6-104 to be under the new subtitle "Subtitle 9.

6 Prohibited Activities; Penalties"; 6-201 through 6-205, 6-207 through

7 6-211.1 and 6-212 through 6-216, inclusive, 6-219 through 6-223,

8 inclusive, to be under the amended subtitle "Subtitle 3. Formation,

9 Organization, and Powers"; 6-301 through 6-307, 6-307.1, 6-307.2,

10 6-307.3, 6-308, 6-309, and 6-310, inclusive, to be under the amended

11 subtitle "Subtitle 4. Examinations and Reports"; 6-401, 6-402, and 6-404

12 to be under the amended subtitle "Subtitle 5. Deposits and Dividends";

13 6-501 through 6-506, inclusive, 6-509, and 6-511 to be under the

14 amended subtitle "Subtitle 6. Loans"; 6-601 through 6-608, inclusive, to be

15 under the amended subtitle "Subtitle 7. Miscellaneous Regulations"; and

16 6-701, 6-701.1, and 6-702 through 6-704, inclusive, to be under the

17 amended subtitle "Subtitle 8. Extraordinary Actions"

18 Annotated Code of Maryland

19 (1998 Replacement Volume and 2000 Supplement)

20 BY adding to

21 Article - Financial Institutions

22 Section 6-101 to be under the new subtitle "Subtitle 1. Definitions", 6-204

23 through 6-206, inclusive, 6-303, 6-304, 6-309, 6-326, 6-327, 6-333,

24 6-607 through 6-609, inclusive, 6-702, 6-704, 6-706, 6-707, 6-713

25 through 6-715, inclusive, 6-806 through 6-809, inclusive, 6-903, 6-904,

26 and the various parts

27 Annotated Code of Maryland

28 (1998 Replacement Volume and 2000 Supplement)

29 BY repealing

30 Article - Financial Institutions

31 Section 6-206, 6-217, 6-218, 6-403, 6-507, and 6-510

32 Annotated Code of Maryland

33 (1998 Replacement Volume and 2000 Supplement)

34 BY repealing and reenacting, with amendments,

35 Article - Financial Institutions

36 Section 6-101(f) and 6-701

37 Annotated Code of Maryland

38 (1998 Replacement Volume and 2000 Supplement)

39 (As enacted by Section 1 of this Act)

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

3 **Article - Commercial Law**

4 12-905.

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

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

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

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

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

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

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

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

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

27 (3) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (2) OF THIS
28 SUBSECTION, 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 (I) AN OVER THE LIMIT FEE ASSESSED ON A CREDIT CARD
33 ACCOUNT; AND

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

- 1 1. RESEARCHING ACCOUNT RECORDS;
- 2 2. PROVIDING DUPLICATE STATEMENTS AND OTHER
- 3 DOCUMENTS; AND
- 4 3. EXPEDITED ISSUANCE OF A DUPLICATE OR ORIGINAL CREDIT
- 5 CARD OR DEVICE.

6 (b) Except as provided in [subsections (f) and (g)] SUBSECTION (F) of this
7 section, with respect to a secured open end credit plan, fees or charges may not be
8 imposed on a consumer borrower in addition to interest or finance charges except for
9 actual and verifiable fees incurred by the credit grantor and not retained by the credit
10 grantor for the following:

- 11 (1) Attorney's fees for services rendered in connection with the
12 preparation, closing, or disbursement of the loan;
- 13 (2) Any expense, tax, or charge paid to a governmental agency;
- 14 (3) Examination of title, appraisal, or other costs necessary or
15 appropriate to the security of the loan; and
- 16 (4) Premiums for any insurance coverage permitted under this subtitle.

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

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

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

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

- 28 (i) An application fee not to exceed \$35; and
- 29 (ii) An annual charge not to exceed \$35 for the privileges made
30 available to the consumer borrower under the plan.

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

- 33 (i) To the initial annual charge; and
- 34 (ii) If there is no annual charge, to the interest or finance charges
35 under the plan.

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

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

5 (i) Accept the application; or

6 (ii) Reject the application and return the application fee to the
7 applicant.

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

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

12 (i) The minimum required security; and

13 (ii) The application fee.

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

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

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

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

22 **Article - Financial Institutions**

23 1-403.

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

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

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

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

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

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

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

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

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

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

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

13 (G) "DEPOSIT ACCOUNT" MEANS A BALANCE HELD BY A CREDIT UNION ON
14 WHICH A CONTRACTUAL RATE OF INTEREST ~~WILL~~ MAY BE PAID AS A DEBT OWED BY
15 THE CREDIT UNION TO THE DEPOSITOR.

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

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

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

21 (2) IS CURRENT ON ALL CREDIT OBLIGATIONS TO THE CREDIT UNION;
22 AND

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

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

28 (K) "OFFICIAL" MEANS:

29 (1) A DIRECTOR;

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

31 (3) A MEMBER OF A SUPERVISORY COMMITTEE.

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

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

3 (2) A CREDIT UNION CHARTERED AND PRIMARILY REGULATED BY
4 ANOTHER STATE.

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

8 Subtitle [1.] 2. General Provisions.

9 [6-101.] 6-201.

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

12 [6-102.] 6-202.

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

14 [6-103.] 6-203.

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

19 6-204.

20 A CREDIT UNION MAY EXERCISE ALL THE RIGHTS, PRIVILEGES, AND
21 INCIDENTAL POWERS NECESSARY OR APPROPRIATE TO EXERCISE ITS SPECIFIC
22 POWERS AND TO ACCOMPLISH THE PURPOSES FOR WHICH THE CREDIT UNION IS
23 ORGANIZED.

24 6-205.

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

26 6-206.

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

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

2 PART I. FORMATION.

3 [6-201.] 6-301.

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

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

11 [(1) Similar occupations;

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

14 (3) Employment by a common employer;

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

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

19 (1) SINGLE COMMON BOND;

20 (2) MULTIPLE COMMON BOND; OR

21 (3) COMMUNITY COMMON BOND.

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

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

26 (I) BELONG TO THE SAME RECOGNIZED ORGANIZATION;

27 (II) ARE EMPLOYED BY A SINGLE CORPORATION OR OTHER
28 PERSON;

29 (III) ARE EMPLOYED BY A SINGLE CORPORATION OR OTHER PERSON
30 WITH AT LEAST A 10% OWNERSHIP INTEREST IN OR BY ANOTHER SINGLE
31 CORPORATION OR PERSON;

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

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

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

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

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

12 (4) (I) SUBJECT TO THE PROVISIONS OF SUBPARAGRAPHS (II) AND (III)
13 OF THIS PARAGRAPH AND SUBSECTION (D) OF THIS SECTION, A COMMUNITY CREDIT
14 UNION MAY SERVE A GROUP OF INDIVIDUALS, ALL MEMBERS OF WHICH, AS A
15 COMMON BOND, LIVE, WORK, WORSHIP, OR ATTEND SCHOOL WITHIN A SINGLE OR
16 TWO OR MORE CONTIGUOUS WELL-DEFINED LOCAL COMMUNITIES,
17 NEIGHBORHOODS, RURAL DISTRICTS, OR COUNTIES.

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

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

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

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

32 (I) AN "INVESTMENT AREA" AS DEFINED IN 12 U.S.C. § 4702(16) OF
33 THE COMMUNITY DEVELOPMENT BANKING AND FINANCIAL INSTITUTIONS ACT OF
34 1994; AND

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

1 (2) THE CREDIT UNION ESTABLISHES AND MAINTAINS AN OFFICE OR
2 BRANCH IN THE COMMUNITY, NEIGHBORHOOD, RURAL DISTRICT, OR COUNTY AT
3 WHICH CREDIT UNION SERVICES ARE AVAILABLE WITHIN 2 YEARS AFTER THE
4 INCLUSION OF THE COMMUNITY, NEIGHBORHOOD, RURAL DISTRICT, OR COUNTY IN
5 THE FIELD OF MEMBERSHIP OF THE CREDIT UNION.

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

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

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

14 (II) TRANSFERRED FROM ANOTHER CREDIT UNION IN
15 CONNECTION WITH:

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

18 2. A LIQUIDATION APPROVED BY THE COMMISSIONER; OR

19 (III) TRANSFERRED THROUGH THE MERGER OR CONSOLIDATION OF
20 TWO CREDIT UNIONS, BOTH OF WHICH SERVED THE GROUP IMMEDIATELY BEFORE
21 THE MERGER OR CONSOLIDATION.

22 [6-210.] 6-302.

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

24 (1) A SPOUSE;

25 (2) A CHILD;

26 (3) A SIBLING;

27 (4) A PARENT;

28 (5) A GRANDPARENT;

29 (6) A GRANDCHILD;

30 (7) A STEPPARENT;

31 (8) A STEPCHILD;

32 (9) A STEP-SIBLING; OR

1 (10) ANY ADOPTED RELATIVE.

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

3 [(1) Each incorporator; and

4 (2)] (1) [Each other person] AN INDIVIDUAL who [:

5 (i) Is elected to membership;

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

7 (iii) Pays any entrance fee;

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

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

12 (2) AN EMPLOYEE OF THE CREDIT UNION;

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

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

18 (5) AN IMMEDIATE FAMILY RELATIVE OF AN INDIVIDUAL WHO IS
19 ELIGIBLE FOR MEMBERSHIP.

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

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

23 (2) MEETS ALL OF THE OTHER REQUIREMENTS OF THE BYLAWS OF THE
24 CREDIT UNION.

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

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

29 (1) CHOOSES TO WITHDRAW FROM THE MEMBERSHIP OF THE CREDIT
30 UNION; OR

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

1 6-303.

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

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

9 (II) THE CREDIT UNION FILES WITH THE COMMISSIONER AN
10 APPLICATION AND ANY OTHER DOCUMENTS THAT THE COMMISSIONER DEEMS
11 NECESSARY TO MAKE A DETERMINATION; AND

12 (III) THE COMMISSIONER DETERMINES THAT:

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

16 2. THE CREDIT UNION HAS ADEQUATE NET WORTH;

17 3. THE CREDIT UNION HAS THE ADMINISTRATIVE
18 CAPABILITY TO SERVE THE POTENTIAL MEMBERS OF THE GROUP AND THE
19 FINANCIAL RESOURCES TO MEET THE NEED FOR ADDITIONAL STAFF AND ASSETS TO
20 SERVE THE POTENTIAL MEMBERS OF THE GROUP;

21 4. ANY POTENTIAL HARM THAT THE EXPANSION MAY HAVE
22 ON ANY OTHER CREDIT UNION AND ITS MEMBERSHIP IS CLEARLY OUTWEIGHED IN
23 THE PUBLIC INTEREST BY THE PROBABLE BENEFICIAL EFFECT OF THE EXPANSION
24 IN MEETING THE CONVENIENCE AND NEEDS OF THE POTENTIAL MEMBERS OF THE
25 GROUP;

26 5. FORMATION OF A SEPARATE CREDIT UNION BY THE
27 GROUP IS NOT PRACTICABLE AND CONSISTENT WITH REASONABLE SAFETY AND
28 SOUNDNESS STANDARDS; AND

29 6. THE GROUP IS WITHIN REASONABLE GEOGRAPHIC
30 PROXIMITY TO A BRANCH OF THE CREDIT UNION.

31 (2) UNLESS THE COMMISSIONER NOTIFIES THE CREDIT UNION THAT A
32 DIFFERENT TIME PERIOD IS NECESSARY, WITHIN 60 DAYS AFTER THE APPLICATION
33 IS FILED, THE COMMISSIONER SHALL NOTIFY THE CREDIT UNION OF THE
34 DETERMINATION ON THE APPLICATION.

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

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

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

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

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

9 6-304.

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

12 (1) THE CREDIT UNION:

13 (I) MEETS THE COMMON BOND REQUIREMENTS OF THE
14 PROPOSED FIELD OF MEMBERSHIP TYPE; AND

15 (II) FILES WITH THE COMMISSIONER AN APPLICATION AND ANY
16 OTHER DOCUMENTS THAT THE COMMISSIONER DEEMS NECESSARY TO MAKE A
17 DETERMINATION ON THE APPLICATION; AND

18 (2) THE COMMISSIONER DETERMINES THAT APPROVAL:

19 (I) IS IN THE BEST INTEREST OF THE EXISTING AND PROPOSED
20 MEMBERSHIPS;

21 (II) PROVIDES A MEANS FOR BETTER SERVICE TO THE EXISTING
22 MEMBERSHIP;

23 (III) IS IN ACCORDANCE WITH SOUND CREDIT UNION PRACTICES;
24 AND

25 (IV) DOES NOT EXPOSE THE FUNDS OF THE EXISTING MEMBERS TO
26 UNNECESSARY RISK.

27 (B) UNLESS THE COMMISSIONER NOTIFIES THE CREDIT UNION THAT A
28 DIFFERENT TIME PERIOD IS NECESSARY, WITHIN 120 DAYS AFTER THE APPLICATION
29 IS FILED, THE COMMISSIONER SHALL NOTIFY THE CREDIT UNION OF THE
30 DETERMINATION ON THE APPLICATION.

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

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

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

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

9 [6-202.] 6-305.

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

12 (b) The articles of incorporation shall include:

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

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

16 [(2)] (3) A statement that the incorporators are associating to form a credit
17 union under this title;

18 [(3)] (4) The name of the credit union;

19 (5) THE FIELD OF MEMBERSHIP TYPE AS DESCRIBED IN § 6-301 OF THIS
20 SUBTITLE;

21 [(4)] (6) The municipal area and county where the credit union is to be
22 located;

23 [(5)] (7) The par value of the shares of the credit union; [and]

24 [(6)] (8) The number of shares to which each incorporator subscribes;

25 (9) THE NAME AND ADDRESS IN THE STATE OF THE RESIDENT AGENT
26 OF THE CREDIT UNION FOR PURPOSES OF SERVICE OF PROCESS IN ACCORDANCE
27 WITH THE MARYLAND GENERAL CORPORATION LAW; AND

28 (10) THE NUMBER OF DIRECTORS AND THE NAMES AND RESIDENTIAL
29 ADDRESSES OF THE INDIVIDUALS WHO WILL SERVE AS DIRECTORS ON THE BOARD
30 UNTIL THEIR SUCCESSORS ARE ELECTED AND QUALIFY.

31 [(c) The articles of agreement shall provide that the incorporators bind
32 themselves to comply with the requirements of the articles of incorporation and the
33 laws, rules, and regulations that apply to credit unions.]

1 [6-203.] 6-306.

2 (a) The incorporators shall adopt bylaws for the credit union and shall sign
3 and acknowledge two copies of them.

4 (b) The bylaws of the credit union shall include:

5 (1) The name and purpose of the credit union;

6 (2) [The date of its] PROVISIONS FOR annual [meeting] AND SPECIAL
7 MEETINGS OF MEMBERS and the manner of notification FOR and [conducting]
8 CONDUCT OF the [meeting] MEETINGS;

9 (3) The number of members that constitute a quorum and [the
10 regulations] PROVISIONS that relate to voting;

11 (4) A DETAILED DESCRIPTION OF THE FIELD OF MEMBERSHIP;

12 [(4)] (5) The qualifications for membership;

13 [(5)] (6) The number of directors ON THE BOARD and their powers and
14 duties;

15 [(6)] (7) The powers and duties of its credit COMMITTEE, IF ANY, and
16 supervisory [committees] COMMITTEE;

17 [(7)] (8)[Its] THE POWERS AND DUTIES OF ITS officers [and their powers
18 and duties];

19 (9) THE NUMBER OF AND QUALIFICATIONS FOR DIRECTORS EMERITI, IF
20 ANY;

21 [(8)] (10) The par value of its shares and the conditions for issuance,
22 payment, transfer, and withdrawal;

23 [(9)] (11) The conditions on which deposits may be received and
24 withdrawn; AND

25 [(10)] The manner of receipting for money;

26 (11) The manner of accumulating its reserve fund;]

27 (12) [The manner of] PROVISIONS FOR determining and paying dividends
28 ON SHARES AND INTEREST ON DEPOSITS [;].

29 [(13)] Any fine to be charged on failure to meet promptly an obligation to it;

30 (14) The manner in which its funds will be invested;

31 (15) The manner of making and repaying loans;

1 (16) The maximum rate of interest that may be charged on loans; and

2 (17) The manner of effecting its voluntary dissolution.]

3 [6-204.] 6-307.

4 (a) The incorporators shall:

5 (1) [file] FILE with the Commissioner for examination [the two] THREE
6 copies of the articles of incorporation and TWO COPIES OF THE bylaws; AND

7 (2) PAY TO THE COMMISSIONER A FEE OF \$500.

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

9 (1) The articles and bylaws are framed in accordance with law AND ARE
10 REASONABLE;

11 (2) [The bylaws are reasonable;

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

16 [(4)] (3) Allowing the proposed credit union to engage in business:

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

18 (ii) Is expedient and desirable.

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

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

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

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

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

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

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

3 [6-205.] 6-308.

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

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

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

12 [6-206.

13 When articles of incorporation and bylaws are filed for record in accordance with
14 § 6-205 of this subtitle, the credit union becomes a corporation.]

15 6-309.

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

20 (B) THE INITIAL APPLICATION SHALL INCLUDE:

21 (1) THE FIELD OF MEMBERSHIP TYPE REQUESTED;

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

23 (3) A MISSION STATEMENT;

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

26 (5) ANY OTHER INFORMATION THAT THE COMMISSIONER REASONABLY
27 REQUIRES.

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

34 (2) ANY INCORPORATOR OR DIRECTOR REQUIRED BY THIS SUBSECTION
35 TO PROVIDE FINGERPRINTS SHALL PAY ANY PROCESSING OR OTHER FEE REQUIRED

1 BY THE FEDERAL BUREAU OF INVESTIGATION OR THE CRIMINAL JUSTICE
2 INFORMATION SYSTEM CENTRAL REPOSITORY OF THE DEPARTMENT OF PUBLIC
3 SAFETY AND CORRECTIONAL SERVICES.

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

7 6-310. Reserved.

8 6-311. Reserved.

9 PART II. POWERS OF A CREDIT UNION.

10 [6-207.] 6-312.

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

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

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

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

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

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

21 (6)] Undertake other activities that:

22 (i) Are consistent with this title;

23 (ii) Relate to its purposes; and

24 (iii) Are authorized by its bylaws.

25 [6-208.] 6-313.

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

1 (B) THE COMMISSIONER MAY GRANT AN APPROVAL UNDER THIS SECTION
2 ONLY IF:

3 (1) THE COMMISSIONER DETERMINES THAT APPROVAL:

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

6 (II) IS NOT DETRIMENTAL TO THE PUBLIC INTEREST OR TO CREDIT
7 UNIONS; AND

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

10 [6-209.] 6-314.

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

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

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

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

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

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

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

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

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

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

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

33 [(e) (B) If a member [of the credit union] resigns or is expelled, the credit
34 union may cancel that member's shares and apply their withdrawal value against

1 [that member's indebtedness] ANY AMOUNT OWED to the credit union BY THE
2 MEMBER.

3 (f) If authorized by the bylaws, a credit union may charge an entrance fee and
4 a transfer fee.

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

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

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

12 6-315. Reserved.

13 6-316. Reserved.

14 PART III. MEMBERS OF A CREDIT UNION.

15 [6-211.] 6-317.

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

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

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

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

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

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

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

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

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

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

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

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

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

10 [6-211.1.] 6-318.

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

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

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

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

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

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

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

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

25 (1) A printed ballot;

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

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

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

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

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

3 [6-221.] 6-319.

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

6 (1) Defaults on the payment of any monetary obligation to the credit
7 union;

8 (2) Is convicted of a criminal offense involving dishonesty or breach of
9 trust;

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

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

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

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

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

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

21 [6-222.] 6-320.

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

24 (2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
25 PARAGRAPH, THE BOARD MAY AMEND THE BYLAWS WITHOUT APPROVAL OF THE
26 MEMBERS.

27 (II) THE BOARD MAY AMEND THE BYLAWS ONLY WITH THE
28 APPROVAL OF THE MEMBERS FOR ANY AMENDMENT THAT ADDRESSES ONE OF THE
29 FOLLOWING SUBJECTS:

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

32 2. QUORUM REQUIREMENTS FOR A MEETING OF THE
33 MEMBERS;

34 3. THE VOTING RIGHTS OF MEMBERS;

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

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

3 (E) THE BOARD SHALL REPORT AN AMENDMENT TO THE MEMBERS OF THE
4 CREDIT UNION NO LATER THAN THE NEXT MEETING OF THE MEMBERS AFTER THE
5 COMMISSIONER APPROVES THE AMENDMENT.

6 [6-223.] 6-321.

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

8 (1) By resolution may authorize an amendment to the bylaws or articles
9 of incorporation 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 (b) The secretary of the credit union shall mail to each member [eligible to
13 vote] IN GOOD STANDING:

14 (1) A printed ballot;

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

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

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

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

23 6-322. Reserved.

24 6-323. Reserved.

25 PART IV. OFFICIALS AND OFFICERS.

26 [6-212.] 6-324.

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

31 [6-213.] 6-325.

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

- 1 (b) Each director:
- 2 (1) Shall be a member of the credit union;
- 3 (2) Shall be bonded;
- 4 (3) May not have:
- 5 (i) Defaulted on the payment of any monetary obligation to the
- 6 credit union;
- 7 (ii) Been convicted of any criminal offense involving dishonesty or
- 8 breach of trust;
- 9 (iii) Habitually neglected to pay debts; [or]
- 10 (iv) Become insolvent or bankrupt; [and] OR
- 11 (V) BEEN REMOVED BY ANY STATE OR FEDERAL REGULATORY
- 12 AGENCY FROM OFFICE AS AN OFFICER, OFFICIAL, OR EMPLOYEE OF A FINANCIAL
- 13 INSTITUTION; AND
- 14 (4) Shall comply with any other qualifications set forth in the credit
- 15 union bylaws.

16 (c) A director holds office for the term that the bylaws provide, WHICH MAY

17 NOT EXCEED 3 YEARS, AND UNTIL A SUCCESSOR IS ELECTED AND QUALIFIES.

18 (d) Each director shall take an oath [to perform faithfully the duties of the

19 office] THAT THE DIRECTOR:

20 (1) WILL DILIGENTLY AND HONESTLY PERFORM THE DUTIES AS

21 DIRECTOR IN ADMINISTERING THE CREDIT UNION'S AFFAIRS;

22 (2) WILL REMAIN RESPONSIBLE FOR THE PERFORMANCE OF THE

23 DUTIES OF THE DIRECTOR EVEN IF THE DIRECTOR DELEGATES THE PERFORMANCE

24 OF THE DUTIES; AND

25 (3) WILL NOT KNOWINGLY OR WILLFULLY PERMIT THE VIOLATION OF

26 AN APPLICABLE LAW OR REGULATION.

27 (E) THE CHAIRMAN AND, IF ANY, VICE CHAIRMAN OF THE BOARD SHALL BE

28 ELECTED BY AND FROM THE DIRECTORS.

29 6-326.

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

31 (1) DIES;

32 (2) RESIGNS; OR

1 (3) IS REMOVED.

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

3 (1) BY THE BOARD, IN ACCORDANCE WITH THE BYLAWS, IF THE
4 DIRECTOR:

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

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

9 (2) BY THE MEMBERS.

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

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

14 6-327.

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

18 (B) THE BYLAWS SHALL PROVIDE FOR:

19 (1) THE NUMBER OF DIRECTORS EMERITI; AND

20 (2) THE QUALIFICATIONS FOR A DIRECTOR EMERITUS.

21 (C) A DIRECTOR EMERITUS:

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

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

24 (D) A DIRECTOR EMERITUS MAY NOT:

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

26 (2) MAKE MOTIONS; OR

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

28 [6-214.] 6-328.

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

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

1 (13) ESTABLISH AND ADOPT WRITTEN POLICIES NECESSARY TO
2 IMPLEMENT THE POWERS AND DUTIES OF THE CREDIT UNION, INCLUDING POLICIES
3 ON:

4 (I) LOANS AND LENDING;

5 (II) INVESTMENTS;

6 (III) EMPLOYMENT AND PERSONNEL;

7 (IV) FUNDS MANAGEMENT;

8 (V) COLLECTIONS;

9 (VI) CHARGE OFFS; AND

10 (VII) EXPULSION OF MEMBERS;

11 (14) MAKE ADEQUATE PROVISION FOR:

12 (I) INVESTMENT LOSSES;

13 (II) THE STATUTORY RESERVE ACCOUNT;

14 (III) ANY SPECIAL RESERVE ACCOUNT; AND

15 (IV) THE ALLOWANCE FOR A LOAN AND LEASE LOSS ACCOUNT;

16 (15) DETERMINE THE AMOUNT, IF ANY, THAT MAY BE ASSESSED FOR
17 LATE FEES OR OTHER CHARGES;

18 (16) DELEGATE TO THE OFFICERS, EMPLOYEES, OR COMMITTEES DUTIES
19 AS THE BOARD MAY DEEM APPROPRIATE;

20 (17) ESTABLISH AND MAINTAIN A SYSTEM OF INTERNAL CONTROLS
21 CONSISTENT WITH SAFETY AND SOUNDNESS AND GENERALLY ACCEPTED
22 ACCOUNTING PRINCIPLES; AND

23 [(15)] (18) Except for any instance where, in the judgment of the board
24 [of directors], it would result in damage to the credit union's financial soundness or
25 would otherwise force the board [of directors] to abrogate their fiduciary
26 responsibility, perform every other duty that the members require.

27 (B) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPHS (2) AND (3) OF THIS
28 SUBSECTION, THE BOARD MAY SUSPEND A MEMBER OF THE SUPERVISORY
29 COMMITTEE.

30 (2) THE SUSPENSION:

31 (I) SHALL BE BY A TWO-THIRDS VOTE OF THE BOARD; AND

1 (II) TAKES EFFECT IMMEDIATELY AND REMAINS IN EFFECT UNTIL
2 THE BOARD CONVENES A MEETING OF THE MEMBERS TO VOTE ON THE SUSPENSION.

3 (3) IMMEDIATELY AFTER THE BOARD VOTES TO SUSPEND A MEMBER OF
4 THE SUPERVISORY COMMITTEE, THE BOARD SHALL:

5 (I) CALL A MEETING OF THE MEMBERS, TO BE HELD NO LATER
6 THAN 15 DAYS AFTER THE DATE OF THE SUSPENSION, FOR THE PURPOSE OF VOTING
7 ON THE SUSPENSION; AND

8 (II) NOTIFY THE COMMISSIONER IN WRITING ABOUT THE
9 SUSPENSION.

10 [6-215.] 6-329.

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

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

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

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

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

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

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

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

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

34 (ii) [The] EACH PAGE OF THE petition shall include [a certificate of
35 each nominee that the nominee agrees to permit the nomination and, if elected, to
36 accept the office];

1 1. THE NAME OF THE CREDIT UNION; AND

2 2. THE NAME OF THE NOMINEE.

3 (iii) Each petition shall contain:

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

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

8 (IV) THE NOMINATING COMMITTEE SHALL DETERMINE THE
9 VALIDITY OF ANY PETITION.

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

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

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

16 (i) Take a voice vote; or

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

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

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

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

28 2. IF APPLICABLE, A NOTATION THAT THE NOMINEE IS THE
29 INCUMBENT;

30 (ii) A postage prepaid and preaddressed envelope clearly marked
31 with instructions to place the completed ballot and the identification form in the
32 envelope and seal the envelope; and

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

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

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

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

5 (1) Mailed to the tellers; and

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

8 (g) The tellers of the election shall:

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

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

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

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

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

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

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

22 [6-216.] 6-330.

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

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

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

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

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

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

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

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

10 (B) UNLESS THE BYLAWS PROVIDE OTHERWISE:

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

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

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

17 [6-217.

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

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

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

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

28 [6-218.

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

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

1 [6-219.] 6-331.

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

4 (b) Each member of the board of directors, the supervisory committee, and the
5 credit committee is entitled to the compensation that the members authorize, subject
6 to the approval of the Commissioner.]

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

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

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

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

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

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

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

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

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

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

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

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

34 A. THAT THE PROPOSED COMPENSATION IS APPROVED; AND

1 B. THE SAME NUMBER OF MEETINGS AS WERE HELD
2 DURING THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THE NOTICE OF
3 THE ANNUAL MEETING OF MEMBERS; OR

4 2. A STATEMENT THAT THE COMPENSATION TO BE PAID TO
5 ALL OFFICIALS WILL REMAIN THE SAME AS IT WAS DURING THE 12 MONTHS
6 IMMEDIATELY PRECEDING THE DATE OF THE NOTICE OF THE ANNUAL MEETING OF
7 MEMBERS; AND

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

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

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

14 1. THE NOTICE OF THE ANNUAL MEETING OF THE
15 MEMBERS;

16 2. A SEPARATE MAILING;

17 3. A PERIODIC STATEMENT OF ACCOUNT; OR

18 4. A PERIODIC PUBLICATION OF THE CREDIT UNION.

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

21 (I) BE MADE IN WRITING; AND

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

25 (2) THE COMMISSIONER'S APPROVAL IS NOT REQUIRED IF THE CREDIT
26 UNION:

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

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

31 [6-220.] 6-332.

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

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

3 6-333.

4 (A) THE BOARD SHALL PREPARE A PLAN FOR EDUCATING EACH OFFICIAL AS
5 TO THE DUTIES AND RESPONSIBILITIES THAT ACCOMPANY THE OFFICIAL'S
6 POSITION.

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

8 (1) READ MATERIALS;

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

10 (3) REVIEW FILMS OR TAPES.

11 (C) THE PREPARATION OF AND COMPLIANCE WITH AN EDUCATION PLAN
12 DEVELOPED UNDER THIS SECTION MAY NOT BE CONSTRUED TO LIMIT THE CIVIL OR
13 CRIMINAL LIABILITY OF AN OFFICIAL ARISING FROM AN ACT OR OMISSION BY THE
14 OFFICIAL IN THE PERFORMANCE OF ANY DUTY OR RESPONSIBILITY OF THE
15 OFFICIAL.

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

17 [6-301.] 6-401.

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

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

21 (1) THE FIRST MEETING OF THE BOARD FOLLOWING THE ANNUAL
22 MEETING OF THE MEMBERS; AND

23 (2) ANY TIME THERE IS A VACANCY.

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

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

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

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

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

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

6 (I) ACCOUNTING;

7 (II) AUDITING; OR

8 (III) GENERAL BUSINESS.

9 (5) EACH MEMBER OF THE SUPERVISORY COMMITTEE:

10 (I) SHALL BE BONDED;

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

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

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

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

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

20 (E) THE MEMBERS OF THE SUPERVISORY COMMITTEE SHALL ELECT THE
21 CHAIRMAN OF THE SUPERVISORY COMMITTEE:

22 (1) AT THE BEGINNING OF EACH TERM OF APPOINTMENT TO THE
23 COMMITTEE; AND

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

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

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

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

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

- 1 (I) FOR AN AUDIT CONDUCTED BY AN OUTSIDE AUDITOR; AND
2 (II) IF REQUIRED, FOR AN INTERNAL AUDITING FUNCTION.
3 (2) THE SUPERVISORY COMMITTEE HAS THE SOLE AUTHORITY TO
4 ENGAGE OR TERMINATE OUTSIDE AND INTERNAL AUDITORS.

5 [6-302.] 6-402.

6 [(a) The supervisory committee of a credit union shall inspect the securities,
7 cash, and accounts of the credit union.

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

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

13 (i) Determine whether the reserve fund is sufficient;

14 (ii) Examine the checkbook stubs to determine whether the balance
15 is correct;

16 (iii) Examine the bank statements to determine whether they
17 reconcile;

18 (iv) Compare the dates of deposits as shown on the bank statements
19 with the collection sheets to determine whether collections were deposited promptly;

20 (v) Determine whether the balance in the checkbook on a given
21 date plus all outstanding checks agree with the balance shown on the bank statement
22 for that date;

23 (vi) Examine notes for personal loans made during the period
24 audited and compare them with the loan accounts;

25 (vii) Determine whether loan applications for the period audited are
26 in good order as the bylaws require;

27 (viii) Determine whether all loans 1 month or more in arrears are
28 listed for submission to the board of directors for action;

29 (ix) Determine whether the posting of share, deposit, and loan
30 accounts is up to date;

31 (x) Determine whether the total of the share account balances
32 agrees with the balance of the shares account in the general ledger;

33 (xi) Determine whether the total of the deposit account balances
34 agrees with the balance of the deposits account in the general ledger;

1 (xii) Determine whether the total of the loan account balances
2 agrees with the balance of the loans account in the general ledger;

3 (xiii) Inspect the record of receipts and disbursements and canceled
4 checks to determine whether they are correct; and

5 (xiv) Examine the minutes of the board of directors' meetings to
6 determine whether they are current.

7 (c) At least once every 2 years, the supervisory committee shall authenticate
8 the passbooks and accounts of all members of the credit union with the records of the
9 treasurer. The committee shall keep a record of the authentication.

10 (d) By unanimous vote, the supervisory committee at any time may
11 recommend to the board of directors the suspension of a member of the credit
12 committee, a director, or an officer.

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

16 (A) THE SUPERVISORY COMMITTEE IS RESPONSIBLE FOR ENSURING THAT
17 THE OFFICIALS AND OFFICERS:

18 (1) MEET REQUIRED FINANCIAL REPORTING OBJECTIVES; AND

19 (2) ESTABLISH PRACTICES AND PROCEDURES SUFFICIENT TO
20 SAFEGUARD MEMBERS' ASSETS.

21 (B) TO MEET ITS RESPONSIBILITIES, THE SUPERVISORY COMMITTEE SHALL
22 DETERMINE WHETHER:

23 (1) INTERNAL CONTROLS ARE:

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

26 (II) SUFFICIENT TO SATISFY THE REQUIREMENTS OF THE
27 SUPERVISORY COMMITTEE AUDIT, VERIFICATION OF MEMBERS' ACCOUNTS, AND
28 THE SUPERVISORY COMMITTEE'S ADDITIONAL RESPONSIBILITIES;

29 (2) THE CREDIT UNION'S ACCOUNTING RECORDS AND FINANCIAL
30 REPORTS ARE PROMPTLY PREPARED AND ACCURATELY REFLECT OPERATIONS AND
31 RESULTS;

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

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

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

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

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

5 (2) THE SUPERVISORY COMMITTEE SHALL CONDUCT OR CAUSE TO BE
6 CONDUCTED AND SHALL SUBMIT TO THE BOARD, SUPPLEMENTARY AUDITS AS THE
7 SUPERVISORY COMMITTEE DEEMS NECESSARY.

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

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

13 (2) THE SUPERVISORY COMMITTEE ANNUAL AUDIT SHALL MEET THE
14 FOLLOWING MINIMUM GUIDELINES:

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

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

20 1. AN OPINION AUDIT OF THE CREDIT UNION'S FINANCIAL
21 STATEMENTS PERFORMED BY AN INDEPENDENT LICENSED CERTIFIED PUBLIC
22 ACCOUNTANT;

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

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

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

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

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

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

4 (IV) PERFORM AN ~~ANNOUNCED~~ UNANNOUNCED CASH COUNT AT
5 SOME TIME DURING THE PERIOD COVERED BY THE AUDIT AND ENSURE THAT THE
6 AMOUNT OF CASH COUNTED AGREES TO THE GENERAL LEDGER;

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

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

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

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

18 (IX) DETERMINE THAT THE INVESTMENT SUBSIDIARY OR LIST OF
19 INVESTMENTS AGREES WITH THE GENERAL LEDGER BY PERFORMING THE
20 FOLLOWING PROCEDURES:

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

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

25 3. TEST THE ACCRUED INTEREST AND COMPARE IT TO THE
26 SUBSIDIARY LEDGER;

27 4. TEST A SAMPLE OF INVESTMENT PURCHASES OR SALES
28 DURING THE AUDIT PERIOD FOR PROPER AUTHORIZATION TO MAKE SURE THAT THE
29 ACCOUNTING TREATMENT IS CORRECT, COMPARE THE TERMS OF THE
30 TRANSACTIONS TO A BROKER ADVICE, AND MAKE SURE THAT THE INVESTMENT IS IN
31 ACCORDANCE WITH BOARD POLICY; AND

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

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

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

3 (XII) OBTAIN A LIST OF ALL OVERDRAWN SHARE AND DEPOSIT
4 ACCOUNTS AND DETERMINE THAT MANAGEMENT IS ATTEMPTING TO COLLECT
5 THESE ITEMS;

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

9 1. OBTAIN RECONCILIATIONS OF THE SELECTED ACCOUNTS
10 AND COMPARE THE BALANCE TO THE GENERAL LEDGER;

11 2. TEST THE MATHEMATICAL ACCURACY OF THE
12 RECONCILIATION; AND

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

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

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

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

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

26 (2) THE VERIFICATION SHALL BE PERFORMED USING ONE OF THE
27 FOLLOWING METHODS:

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

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

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

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

4 (2) THE SUPERVISORY COMMITTEE SHALL:

5 (I) HIRE ONE OR MORE INTERNAL AUDITORS TO ASSIST THE
6 SUPERVISORY COMMITTEE IN THE PERFORMANCE OF THE AUDIT DUTIES OF THE
7 SUPERVISORY COMMITTEE;

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

10 1. AN EVALUATION OF INTERNAL CONTROLS; AND

11 2. OPERATIONAL PROCEDURES; AND

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

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

16 (H) (1) ALL WORK PERFORMED BY THE SUPERVISORY COMMITTEE,
17 OUTSIDE AUDITORS, OR INTERNAL AUDITORS SHALL BE DOCUMENTED BY
18 APPROPRIATE WORK PAPERS.

19 (2) THE COMMISSIONER SHALL HAVE ACCESS TO THE WORK PAPERS
20 FOR A PERIOD OF UP TO 3 YEARS AFTER THE COMPLETION OF THE AUDIT
21 PROCEDURE.

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

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

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

32 (3) THE SUPERVISORY COMMITTEE SHALL NOTIFY THE COMMISSIONER
33 IN WRITING IMMEDIATELY AT THE TIME OF THE SUSPENSION OF THE DIRECTOR,
34 OFFICER, OR MEMBER OF THE CREDIT COMMITTEE.

35 (J) THE SUPERVISORY COMMITTEE SHALL SEND PROMPTLY TO THE
36 COMMISSIONER A COPY OF THE ANNUAL AUDIT AND ALL RECOMMENDATIONS,

1 CHARGES, AND SIGNIFICANT FINDINGS THAT THE SUPERVISORY COMMITTEE
2 PRESENTS TO THE BOARD.

3 [6-303.] 6-403.

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

5 (1) The Commissioner; and

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

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

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

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

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

14 [(c) (1) This subsection applies only to a credit union with assets of less than
15 \$300,000, as stated in the credit union's most recent financial report.

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

18 (i) \$20; and

19 (ii) The lesser of:

20 1. \$40 a day for each examiner; or

21 2. \$20 plus 1/18 of 1 percent of assets of the credit union over
22 \$10,000.]

23 [6-304.] 6-404.

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

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

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

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

30 (2) Signed and acknowledged by:

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

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

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

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

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

13 [6-306.] 6-406.

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

17 (B) THE BOARD SHALL GIVE THE COMMISSIONER ADVANCE NOTICE OF A
18 MEETING OF THE MEMBERS THAT IS CALLED UNDER SUBSECTION (A) OF THIS
19 SECTION.

20 [6-308.] 6-407.

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

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

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

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

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

2 [6-401.] 6-501.

3 [(a) (1)] As to each interest bearing or share account of each member or
4 depositor in a credit union, the credit union shall generally make available to any
5 member or depositor with an existing account, in addition to actually giving to the
6 member or depositor, on the opening of the interest bearing or share account and,
7 later, on demand of the member or depositor[:

8 (i) Written notice of:

- 9 1. The annual rate of simple interest currently in effect;
- 10 2. The dates, if any, on which the current rate of interest or
11 dividends may be changed, and the terms and conditions under which each successive
12 interest rate or dividend will be applied;
- 13 3. The date or point in time on which the deposit or shares
14 begin to earn interest or a dividend;
- 15 4. The method of determining the account balance on which
16 interest earned or dividends paid is calculated, including the methods for day of
17 deposit or purchase to day of withdrawal and low periodic balance;
- 18 5. Whether interest is compounded and, where applicable,
19 the period for compounding;
- 20 6. The annual percentage yield in 1 year based on the rate of
21 simple interest or dividends and compounding method;
- 22 7. The date or point in time when interest or dividends
23 earned is credited to the account;
- 24 8. The method of determining the amount of loss of
25 accumulated earned interest or dividends if an account is closed before the date on
26 which interest or dividends are regularly credited;
- 27 9. The policy on the availability of deposited funds or shares;
28 and
- 29 10. Any fees, charges, or penalties which may be applied and
30 the conditions under which the fees, charges, or penalties may be assessed; and

31 (ii) The] THE following written notice:

32 "Under Maryland law, all funds remaining in this interest bearing or share
33 account become the property of this State after the account has been inactive for 5
34 years and notice is sent to the member or depositor at that member's or depositor's
35 last known address. This account will be considered inactive if the member or
36 depositor has not: (1) increased or decreased the amount in the account; (2) presented

1 the passbook or other similar evidence of the account for the crediting of interest or
2 dividends; (3) written to this credit union about the account; (4) ENGAGED IN ANY
3 CREDIT, SHARE, OR OTHER DEPOSIT TRANSACTION WITH THE CREDIT UNION; or
4 [(4)] (5) otherwise indicated an interest in the account as evidenced by a
5 memorandum on file with this credit union."

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

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

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

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

17 (2) Reasonable attorney's fees.

18 (d) (1) Subject to paragraph (2) of this subsection, on or after October 1,
19 1992, a credit union shall comply with the requirements in:

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

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

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

27 [6-402.] 6-502.

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

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

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

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

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

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

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

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

12 [6-403.

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

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

20 (1) Is also the payor institution;

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

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

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

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

27 (2) The United States Treasury; and

28 (3) Any agency of the federal government.

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

31 [6-404.] 6-503.

32 (a) Any share drafts OR CHECKS provided directly or indirectly by a credit
33 union for use in connection with a personal account shall have the numerical month

1 and year in which the account was opened printed on the face of the drafts OR
2 CHECKS, except as provided in subsection (b) of this section.

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

5 (1) If an individual personal account is closed at a particular credit union
6 and a joint personal account is opened at the same credit union that includes one of
7 the customers who previously had the individual personal account, then the
8 numerical month and year printed on the face of the share drafts OR CHECKS shall be
9 the numerical month and year in which the individual personal account was
10 established.

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

16 (3) If a customer with an individual personal account or with a joint
17 personal account opens an additional account at the same credit union, then the
18 numerical month and year printed on the face of the share drafts OR CHECKS shall be
19 the numerical month and year in which the initial account was established.

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

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

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

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

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

1 Subtitle [5.] 6. Loans.

2 [6-501.] 6-601.

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

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

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

16 (d) Except as provided in [§§ 6-506 (c) and 6-507] SUBSECTION (E) OF THIS
17 SECTION AND § 6-606(D) of this subtitle, and except as otherwise provided under the
18 express terms of the agreement, note, or other evidence of an extension of credit or
19 loan, the provisions of Title 12, Subtitle 1, 3, 4, 5, 6, 9, or 10 of the Commercial Law
20 Article do not apply to an extension of credit or loan made by a credit union before
21 October 1, 1994.

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

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

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

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

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

37 (III) UPON THE BORROWER'S DEFAULT, IF THE LOAN IS SECURED BY
38 PERSONAL PROPERTY, THE LENDER COMPLIES WITH § 12-115 OF THE COMMERCIAL

1 LAW ARTICLE CONCERNING REPOSSESSION AND REDEMPTION OF THE GOODS
2 SECURING THE LOAN;

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

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

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

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

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

16 (I) RESEARCHING ACCOUNT RECORDS;

17 (II) PROVIDING DUPLICATE STATEMENTS AND OTHER
18 DOCUMENTS; AND

19 (III) EXPEDITED ISSUANCE OF A DUPLICATE OR ORIGINAL CREDIT
20 CARD OR DEVICE.

21 [6-502.] 6-602.

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

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

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

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

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

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

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

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

3 (2) EACH MEMBER OF THE CREDIT COMMITTEE:

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

6 (II) SHALL BE BONDED;

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

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

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

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

13 (VII) MAY NOT HAVE BEEN INSOLVENT OR BANKRUPT WITHIN 5
14 YEARS OF BECOMING A MEMBER AND MAY NOT BECOME INSOLVENT OR BANKRUPT
15 WHILE SERVING AS A MEMBER; AND

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

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

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

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

27 (I) THE BOARD SHALL REMOVE ANY MEMBER OF THE CREDIT COMMITTEE
28 WHO FAILS:

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

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

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

1 [6-503.] 6-603.

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

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

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

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

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

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

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

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

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

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

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

30 [6-504.] 6-604.

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

34 [6-505.] 6-605.

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

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

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

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

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

9 (1) An endorsed note;

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

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

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

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

16 [6-506.] 6-606.

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

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

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

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

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

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

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

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

1 [6-507.

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

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

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

10 (1) If the loan is a renewal or refinancing of a loan made prior to July 1,
11 1982, the lender complies with § 12-116 of the Commercial Law Article;

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

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

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

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

22 6-607.

23 (A) SUBJECT TO THE PROVISIONS OF SUBSECTION (B) OF THIS SECTION, A
24 CREDIT UNION MAY PARTICIPATE WITH A DEPOSITORY FINANCIAL INSTITUTION OR
25 A CREDIT UNION SERVICE ORGANIZATION FOR PURPOSES OF MAKING A LOAN TO A
26 CREDIT UNION MEMBER IN ACCORDANCE WITH THE LENDING POLICIES OF THE
27 BOARD.

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

31 6-608.

32 A CREDIT UNION MAY MAKE A LOAN THAT IS INSURED OR GUARANTEED BY THE
33 FEDERAL GOVERNMENT, A STATE GOVERNMENT OR LOCAL GOVERNMENT, OR A
34 UNIT OF THE FEDERAL GOVERNMENT OR OF ANY STATE OR LOCAL GOVERNMENT.

1 6-609.

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
3 INDICATED.

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

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

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

10 (II) SECURED BY, AND ON WHICH PAYMENT OF THE OUTSTANDING
11 PRINCIPAL AND INTEREST HAS BEEN DEFERRED IN ACCORDANCE WITH, THE
12 INSURANCE OR GUARANTEE OF THE FEDERAL GOVERNMENT, A STATE
13 GOVERNMENT, OR A UNIT OF THE FEDERAL GOVERNMENT OR OF A STATE
14 GOVERNMENT.

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

18 (I) ELIGIBLE OBLIGATIONS OF ITS MEMBERS;

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

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

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

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

31 (I) THE BOARD OR INVESTMENT COMMITTEE APPROVES THE
32 PURCHASE;

33 (II) A WRITTEN AGREEMENT AND A SCHEDULE OF THE ELIGIBLE
34 OBLIGATIONS COVERED BY THE AGREEMENT ARE RETAINED BY THE CREDIT UNION
35 FOR INSPECTION;

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

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

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

10 2. IS SOLD PROMPTLY, BUT NO LATER THAN 6 MONTHS
11 AFTER THE PURCHASE.

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

15 (1) THE BOARD OR INVESTMENT COMMITTEE APPROVES THE SALE OR
16 PLEDGE; AND

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

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

22 [6-509.] 6-610.

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

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

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

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

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

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

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

4 (A) (1) A CREDIT UNION MAY MAKE A LOAN TO AN OFFICIAL OF THE CREDIT
5 UNION IF THE OFFICIAL TAKES NO PART IN CONSIDERATION OF THE LOAN
6 APPLICATION.

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

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

11 (II) THE LOAN, STANDING ALONE OR WHEN ADDED TO THE
12 AGGREGATE OF ALL OUTSTANDING LOANS FOR WHICH THE OFFICIAL IS THE
13 DEBTOR OR ACTS AS GUARANTOR, ENDORSER, OR COSIGNER, OR BOTH, EXCEEDS
14 \$25,000 PLUS PLEDGED SHARES.

15 (B) THE RATES, TERMS, AND CONDITIONS ON ANY LOAN FROM A CREDIT
16 UNION TO, OR GUARANTEED, ENDORSED, OR COSIGNED BY, AN OFFICIAL OR
17 OFFICER OF THE CREDIT UNION MAY NOT BE MORE FAVORABLE THAN THE RATES,
18 TERMS, AND CONDITIONS FOR A COMPARABLE LOAN TO ANOTHER MEMBER OF THE
19 CREDIT UNION.

20 [6-510.

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

23 (b) If an individual leaves employment either voluntarily or involuntarily and
24 is a member of a credit union, and at the time the employment is terminated the
25 individual has a loan from the credit union, the credit union may not require payment
26 of the total outstanding balance of the loan made to the member earlier than 30 days
27 after the date of the termination of employment unless the member is in default in
28 payment.

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

36 [6-511.] 6-611.

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

- 1 (1) A member of the credit union; [or]
2 (2) Another credit union; OR
3 (3) A CREDIT UNION SERVICE ORGANIZATION.

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

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

- 9 (1) The borrower; and
10 (2) Any officer or committee member who knowingly permitted or
11 participated in making the loan.]

12 Subtitle [6.] 7. Miscellaneous Regulations.

13 [6-601.] 6-701.

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

15 (1) Be a member of [the Credit Union Insurance Corporation] A CREDIT
16 UNION SHARE GUARANTY CORPORATION and have its member accounts insured by
17 that [Corporation] CORPORATION on the same basis and to the same extent and
18 amount as provided by the National Credit Union Administration Share Insurance
19 Program; or

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

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

25 6-702.

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

28 [6-602.] 6-703.

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

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

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

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

5 (2) A credit union in operation for 4 years or more and having assets of
6 \$500,000 or more shall credit to the reserve fund, at the end of each accounting
7 period:

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

10 (ii) Then, 5 percent of its gross income until the reserve fund equals
11 6 percent of its risk assets.

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

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

17 (ii) Then, 5 percent of its gross income until the reserve fund equals
18 10 percent of its risk assets.

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

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

24 6-704.

25 (A) A CREDIT UNION SHALL MAINTAIN AN ALLOWANCE FOR LOAN AND LEASE
26 LOSS ACCOUNT IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING
27 PRINCIPLES.

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

30 (1) INDIVIDUALLY CLASSIFIED LOANS; AND

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

32 [6-603.] 6-705.

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

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

4 (2)] (1) [Invested in general] GENERAL obligations of or obligations
5 guaranteed by the United States[, this State, or any political subdivision];

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

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

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

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

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

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

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

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

25 [(4)] (9) ANY [Deposited or invested in any] other [manner]
26 INVESTMENT that the Commissioner approves.

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

31 (1) SUBJECT TO THE PROVISIONS OF PARAGRAPH (2) OF THIS
32 SUBSECTION, IN ADDITION TO THE INVESTMENTS AUTHORIZED UNDER SUBSECTION
33 (A) OF THIS SECTION, A CREDIT UNION MAY REQUEST AUTHORITY FROM THE
34 COMMISSIONER TO MAKE OTHER INVESTMENTS, INCLUDING INVESTMENTS
35 AUTHORIZED UNDER THE FEDERAL CREDIT UNION ACT OR REGULATIONS OF THE
36 NATIONAL CREDIT UNION ADMINISTRATION, ON AN ONGOING BASIS.

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

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

6 6-706.

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

10 (2) A CREDIT UNION THAT PROPOSES TO ORGANIZE A CREDIT UNION
11 SERVICE ORGANIZATION SHALL:

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

14 (II) SUBMIT TO THE COMMISSIONER ANY INFORMATION THE
15 COMMISSIONER REQUIRES IN ORDER TO EVALUATE THE PROPOSED CREDIT UNION
16 SERVICE ORGANIZATION.

17 (3) IN DECIDING WHETHER TO APPROVE THE ORGANIZATION OF A
18 CREDIT UNION SERVICE ORGANIZATION, THE COMMISSIONER SHALL CONSIDER
19 WHETHER:

20 (I) THE ORGANIZATION OF THE CREDIT UNION SERVICE
21 ORGANIZATION WILL PROMOTE THE CONVENIENCE OF THE MEMBERS OF THE
22 CREDIT UNION;

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

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

27 (4) UNLESS THE COMMISSIONER NOTIFIES THE CREDIT UNION THAT A
28 DIFFERENT TIME PERIOD IS NECESSARY, WITHIN 60 DAYS OF RECEIPT OF THE
29 NOTICE SPECIFIED IN PARAGRAPH (2) OF THIS SUBSECTION, THE COMMISSIONER
30 SHALL NOTIFY THE CREDIT UNION OF THE DETERMINATION ON THE APPROVAL OF
31 THE ORGANIZATION OF A CREDIT UNION SERVICE ORGANIZATION.

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

35 (2) IF AN INVESTMENT OR LOAN BY A CREDIT UNION TO A CREDIT
36 UNION SERVICE ORGANIZATION CAUSES THE AGGREGATE OF THE CREDIT UNION'S

1 INVESTMENTS OR LOANS TO EXCEED 2% OF THE CREDIT UNION'S TOTAL ASSETS,
2 THE CREDIT UNION SHALL:

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

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

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

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

13 (II) SUBMIT TO THE COMMISSIONER ANY INFORMATION THE
14 COMMISSIONER REQUIRES IN ORDER TO EVALUATE THE PROPOSED INTENTION TO
15 EXCEED THE LIMIT.

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

18 (I) THE INVESTMENT OR LOAN WILL PROMOTE THE
19 CONVENIENCE OF THE MEMBERS OF THE CREDIT UNION;

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

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

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

29 (C) AS DEEMED NECESSARY BY THE COMMISSIONER, THE COMMISSIONER
30 SHALL HAVE COMPLETE:

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

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

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

1 6-707.

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

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

9 (I) THE PRINCIPAL OFFICE FUNCTIONS;

10 (II) BRANCHES; AND

11 (III) ANY OTHER ACTIVITIES IN WHICH THE CREDIT UNION
12 ENGAGES.

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

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

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

19 (II) MAY NOT EXCEED 6% OF THE TOTAL ASSETS OF THE CREDIT
20 UNION.

21 (B) A CREDIT UNION MAY PURCHASE, LEASE, OR ACQUIRE AND HOLD
22 TANGIBLE PERSONAL PROPERTY, EITHER INDIVIDUALLY OR JOINTLY WITH
23 ANOTHER CREDIT UNION, AS MAY BE NECESSARY OR INCIDENTAL TO THE
24 OPERATIONS OF THE CREDIT UNION.

25 [6-604.] 6-708.

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

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

30 (I) 15 YEARS FOR BORROWINGS SECURED BY REAL OR LEASEHOLD
31 PROPERTY; AND

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

33 (B) A credit union may borrow money for A PURPOSE OTHER THAN THE
34 PURCHASE OF FIXED ASSETS [not longer than 1 year from any source, including
35 another credit union,] as long as the total borrowing does not exceed [50 percent of

1 the paid-in and unimpaired capital and surplus of the borrowing credit union. The
2 1-year period may be extended for an additional year with the approval of the
3 Commissioner] THE GREATER OF:

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

5 (2) 10% OF THE TOTAL ASSETS OF THE BORROWING CREDIT UNION.

6 [6-605.] 6-709.

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

9 [6-606.] 6-710.

10 The fiscal year of each credit union ends at the close of business on December
11 31.

12 [6-607.] 6-711.

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

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

16 (1) On any State holiday; AND

17 (2) At any other time if:

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

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

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

24 (C) IF A CREDIT UNION CLOSES UNDER THE PROVISIONS OF SUBSECTION
25 (B)(2)(III) OF THIS SECTION, THE CHAIRMAN OF THE BOARD OR THE PRESIDENT OF
26 THE AFFECTED CREDIT UNION SHALL NOTIFY THE COMMISSIONER OF THE REASON
27 FOR THE CLOSING OF THE CREDIT UNION AS SOON AS POSSIBLE BUT NO LATER
28 THAN 24 HOURS AFTER THE CLOSING OF THE CREDIT UNION.

29 [6-608.] 6-712.

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

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

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

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

3 (ii) 8 cents for each \$1,000 of the assets of the credit union over
4 \$1,000,000.

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

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

10 6-713.

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

16 6-714.

17 (A) AS APPROVED BY THE COMMISSIONER, A CREDIT UNION MAY ENTER INTO
18 MARKETING ARRANGEMENTS WITH A PERSON TO FACILITATE THE CREDIT UNION'S
19 MEMBERS' VOLUNTARY PURCHASE OF GOODS OR OTHER SERVICES FROM THIRD
20 PARTIES, CONSISTENT WITH THE PURPOSES OF THE CREDIT UNION.

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

23 6-715.

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

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

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

33 (1) NOTIFIES THE COMMISSIONER IN WRITING OF THE LOCATION OF
34 THE BOOKS AND RECORDS; AND

35 (2) MAKES THE BOOKS AND RECORDS AVAILABLE AT THE CREDIT
36 UNION'S PRINCIPAL PLACE OF BUSINESS, AS AGREED BY THE COMMISSIONER AND

1 THE CREDIT UNION, WITHIN 7 DAYS OF A WRITTEN REQUEST FOR EXAMINATION BY
2 THE COMMISSIONER.

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

5 (1) ORIGINAL FORM;

6 (2) AN ELECTRONIC EQUIVALENT APPROVED BY THE COMMISSIONER;
7 OR

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

9 Subtitle [7.] 8. Extraordinary Actions.

10 [6-701.] 6-801.

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

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

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

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

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

21 (4) FILE THE REQUIRED CONVERSION APPLICATION WITH THE
22 COMMISSIONER.

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

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

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

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

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

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

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

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

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

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

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

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

24 [6-701.1.] 6-802.

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

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

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

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

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

34 (1) Adopt a resolution that declares that the conversion is advisable; 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 (d) The Commissioner, at the request of the board [of directors of a credit
5 union], may:

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

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

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

15 (f) (1) [The] UNLESS THE COMMISSIONER TAKES ACTION UNDER
16 SUBSECTION (D) OF THIS SECTION, THE proposed conversion shall be approved by the
17 affirmative vote of a majority of the members [of the credit union] who vote on the
18 proposal.

19 (2) Within 10 days after the vote, a statement of the results of the vote
20 shall be filed with the Commissioner. The statement shall be verified by the
21 [president or vice-president] CHAIRMAN OR VICE CHAIRMAN OF THE BOARD and the
22 secretary OF THE CREDIT UNION.

23 (G) (1) A CREDIT UNION MAY CONVERT TO A STATE CREDIT UNION IF:

24 (I) THE CONVERTED CREDIT UNION:

25 1. MEETS THE COMMON BOND REQUIREMENTS OF THE
26 PROPOSED FIELD OF MEMBERSHIP TYPE; AND

27 2. FILES WITH THE COMMISSIONER AN APPLICATION AND
28 ANY OTHER DOCUMENTS THAT THE COMMISSIONER DEEMS NECESSARY TO MAKE A
29 DETERMINATION; AND

30 (II) THE COMMISSIONER DETERMINES THAT THE CONVERSION:

31 1. IS IN THE BEST INTEREST OF THE EXISTING AND
32 PROPOSED MEMBERSHIP;

33 2. WILL LIKELY RESULT IN BETTER SERVICE TO THE
34 EXISTING MEMBERSHIP;

35 3. IS IN ACCORDANCE WITH SOUND CREDIT UNION
36 PRACTICES; AND

1 4. DOES NOT EXPOSE THE FUNDS OF THE EXISTING
2 MEMBERS TO UNNECESSARY RISK.

3 (2) UNLESS THE COMMISSIONER NOTIFIES THE CREDIT UNION THAT A
4 DIFFERENT TIME PERIOD IS NECESSARY, WITHIN 120 DAYS AFTER THE APPLICATION
5 IS FILED, THE COMMISSIONER SHALL NOTIFY THE CREDIT UNION OF THE
6 DETERMINATION ON THE APPLICATION.

7 [(g)] (H) When the conversion is complete, the successor credit union owns all
8 of the assets and is responsible for all the obligations of the credit union as though the
9 conversion had not taken place.

10 [6-702.] 6-803.

11 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

13 (2) "MERGING CREDIT UNION" MEANS A CREDIT UNION THAT IS
14 ABSORBED OR ACQUIRED BY ANOTHER CREDIT UNION IN A MERGER AND CEASES TO
15 EXIST AFTER THE MERGER.

16 (3) "SURVIVING CREDIT UNION" MEANS A CREDIT UNION THAT ABSORBS
17 OR ACQUIRES ANOTHER CREDIT UNION IN A MERGER AND CONTINUES TO EXIST
18 AFTER THE MERGER.

19 (4) "NEW CREDIT UNION" MEANS A CREDIT UNION THAT IS CREATED
20 WHEN TWO OR MORE CREDIT UNIONS CONSOLIDATE TO FORM A NEWLY CREATED
21 CREDIT UNION.

22 [(a)] (B) (1) (I) With the approval of the Commissioner, any credit union
23 may merge [into any other credit union under the existing charter of the other credit
24 union] OR CONSOLIDATE as provided in this section.

25 (II) A MERGER OR CONSOLIDATION UNDER THIS SECTION MAY BE
26 WITH A CREDIT UNION ORGANIZED UNDER THE LAWS OF THE UNITED STATES, THIS
27 STATE, OR ANY OTHER STATE.

28 (2) (I) A SINGLE COMMON BOND CREDIT UNION MAY MERGE OR
29 CONSOLIDATE WITH ANOTHER SINGLE COMMON BOND CREDIT UNION RESULTING
30 IN A SURVIVING OR NEW SINGLE COMMON BOND CREDIT UNION PROVIDED THAT
31 THE CREDIT UNIONS PARTY TO THE MERGER OR CONSOLIDATION SHARE THE SAME
32 SINGLE COMMON BOND, AS DEFINED UNDER § 6-301(C)(2) OF THIS TITLE, PRIOR AND
33 SUBSEQUENT TO THE MERGER OR CONSOLIDATION.

34 (II) A SINGLE COMMON BOND CREDIT UNION MAY MERGE OR
35 CONSOLIDATE WITH ANOTHER SINGLE COMMON BOND CREDIT UNION RESULTING
36 IN A SURVIVING OR NEW MULTIPLE COMMON BOND CREDIT UNION PROVIDED THAT:

37 1. PRIOR TO THE MERGER OR CONSOLIDATION, ONE OF THE
38 CREDIT UNIONS CONVERTS INTO A MULTIPLE COMMON BOND CREDIT UNION, AS

1 (II) THE MERGER OR CONSOLIDATION IS IN THE BEST INTEREST OF
2 THE MEMBERSHIP OF THE CREDIT UNIONS PARTY TO THE MERGER OR
3 CONSOLIDATION ; AND

4 (III) THE MERGER OR CONSOLIDATION WILL NOT ADVERSELY
5 AFFECT THE FINANCIAL CONDITION OF THE SURVIVING OR NEW CREDIT UNION.

6 (C) (1) IF THE SURVIVING OR NEW CREDIT UNION WILL BE A STATE CREDIT
7 UNION:

8 (I) THE MERGER OR CONSOLIDATION SHALL BE MADE IN
9 ACCORDANCE WITH THE PROVISIONS OF THIS SUBTITLE; AND

10 (II) IF ONE OF THE CREDIT UNIONS IS A FEDERAL CREDIT UNION,
11 FEDERAL LAW GOVERNS ITS ACTIONS AND THE RIGHTS OF ITS MEMBERS.

12 (2) IF THE SURVIVING OR NEW CREDIT UNION WILL BE A FEDERAL
13 CREDIT UNION:

14 (I) THE MERGER OR CONSOLIDATION SHALL BE MADE IN
15 ACCORDANCE WITH FEDERAL LAW WHICH GOVERNS ITS ACTIONS AND THE RIGHTS
16 OF ITS MEMBERS; AND

17 (II) THE MERGER OR CONSOLIDATION SHALL BE MADE IN
18 ACCORDANCE WITH THE PROVISIONS OF THIS SUBTITLE FOR A STATE CREDIT UNION
19 AND THE RIGHTS OF ITS MEMBERS.

20 (3) IF THE SURVIVING OR NEW CREDIT UNION WILL BE ANOTHER STATE
21 CREDIT UNION:

22 (I) THE MERGER OR CONSOLIDATION SHALL BE MADE IN
23 ACCORDANCE WITH THE PROVISIONS OF THIS SUBTITLE FOR THE STATE CREDIT
24 UNION AND THE RIGHTS OF ITS MEMBERS; AND

25 (II) THE MERGER OR CONSOLIDATION SHALL BE MADE IN
26 ACCORDANCE WITH THE PROVISIONS OF THE OTHER STATE LAWS FOR THE OTHER
27 STATE CREDIT UNION AND THE RIGHTS OF ITS MEMBERS.

28 [(b)] (D) A majority of the board [of directors] of each credit union proposing a
29 merger OR CONSOLIDATION shall:

30 (1) Adopt a resolution that declares that the merger OR CONSOLIDATION
31 is advisable; and

32 (2) Set a date for a vote on the proposed merger OR CONSOLIDATION by
33 the members of each credit union party to the merger OR CONSOLIDATION AT ANY
34 ANNUAL OR SPECIAL MEETING OF THE MEMBERSHIP OR by mail ballot to be filed on
35 or before that date.

1 [(c)] (E) The Commissioner, at the request of the board [of directors of a credit
2 union], may:

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

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

7 [(d)] (F) The merger OR CONSOLIDATION shall be in accordance with a plan
8 that [is]:

9 (1) STATES THE FIELD OF MEMBERSHIP TYPE THAT THE SURVIVING OR
10 NEW CREDIT UNION WILL HAVE;

11 [(1)] (2) [Agreed] IS AGREED to by a majority of the board [of directors]
12 of each credit union party to the merger OR CONSOLIDATION; and

13 [(2)] (3) [Approved] UNLESS PROVIDED OTHERWISE BY THE
14 COMMISSIONER, IS APPROVED by the members of each credit union party to the
15 merger OR CONSOLIDATION, by the affirmative vote of a majority of the members of
16 each credit union party to the merger OR CONSOLIDATION who vote on the proposal.

17 [(e)] (G) (1) After agreement by the [directors] BOARD and approval by the
18 members of [the merging] EACH credit [unions, the president and secretary], UNION
19 PARTY TO THE MERGER OR CONSOLIDATION TWO OFFICERS of each credit union
20 party to the merger OR CONSOLIDATION shall execute a certificate of merger OR
21 CONSOLIDATION.

22 (2) The certificate of merger OR CONSOLIDATION shall include as to each
23 credit union party to the merger OR CONSOLIDATION:

24 (i) The time and place of the meeting of the board [of directors] at
25 which the plan was agreed to;

26 (ii) The vote by which the plan was agreed to by the [directors]
27 BOARD;

28 (iii) A copy of the resolution or other action by which the plan was
29 agreed to by the [directors] BOARD;

30 (iv) The date on or by which the plan was approved by the members
31 OF EACH CREDIT UNION; and

32 (v) [The] UNLESS PROVIDED OTHERWISE BY THE COMMISSIONER,
33 THE vote by which the plan was approved by the members OF EACH CREDIT UNION.

34 [(f)] (H) [The certificate of merger and a copy of the plan of merger shall be:

35 (1) Sent to the Commissioner; and

1 (2) If approved by the Commissioner, certified by the Commissioner and
2 returned to each credit union party to the merger within 30 days.]

3 (1) A CREDIT UNION MAY MERGE OR CONSOLIDATE IF:

4 (I) 1. THE SURVIVING OR NEW CREDIT UNION MEETS THE
5 COMMON BOND REQUIREMENTS OF THE PROPOSED FIELD OF MEMBERSHIP TYPE;
6 AND

7 2. EACH CREDIT UNION PARTY TO THE MERGER OR
8 CONSOLIDATION FILES WITH THE COMMISSIONER:

9 A. THE CERTIFICATE OF MERGER OR CONSOLIDATION;

10 B. A COPY OF THE PLAN OF MERGER OR CONSOLIDATION;
11 AND

12 C. ANY OTHER DOCUMENTS THAT THE COMMISSIONER
13 DEEMS NECESSARY TO MAKE A DETERMINATION ON THE APPLICATION; AND

14 (II) THE COMMISSIONER DETERMINES THAT:

15 1. EACH CREDIT UNION PARTY TO THE MERGER OR
16 CONSOLIDATION HAS NOT ENGAGED IN ANY MATERIAL UNSAFE OR UNSOUND
17 PRACTICE DURING THE 1-YEAR PERIOD PRECEDING THE DATE OF FILING OF THE
18 CERTIFICATE OF MERGER OR CONSOLIDATION;

19 2. THE SURVIVING OR NEW CREDIT UNION HAS ADEQUATE
20 NET WORTH;

21 3. THE SURVIVING OR NEW CREDIT UNION HAS THE
22 ADMINISTRATIVE CAPABILITY TO SERVE THE MEMBERS OF THE SURVIVING OR NEW
23 CREDIT UNION AND THE FINANCIAL RESOURCES TO MEET THE NEED FOR
24 ADDITIONAL STAFF AND ASSETS TO SERVE THE SURVIVING OR NEW CREDIT UNION;
25 AND

26 4. ANY POTENTIAL HARM THAT THE SURVIVING OR NEW
27 CREDIT UNION MAY HAVE ON ANY OTHER CREDIT UNION AND ITS MEMBERSHIP IS
28 CLEARLY OUTWEIGHED, IN THE PUBLIC INTEREST, BY THE PROBABLE BENEFICIAL
29 EFFECT OF THE MERGER OR CONSOLIDATION IN MEETING THE CONVENIENCE AND
30 NEEDS OF THE MEMBERS OF THE SURVIVING OR NEW CREDIT UNION.

31 (2) UNLESS THE COMMISSIONER NOTIFIES THE CREDIT UNION THAT A
32 DIFFERENT TIME PERIOD IS NECESSARY, WITHIN 60 DAYS AFTER THE CERTIFICATE
33 OF MERGER OR CONSOLIDATION IS FILED, THE COMMISSIONER SHALL:

34 (I) NOTIFY EACH CREDIT UNION PARTY TO THE MERGER OR
35 CONSOLIDATION OF THE DETERMINATION ON THE APPLICATION; AND

1 (II) CERTIFY THE CERTIFICATE OF MERGER OR CONSOLIDATION
2 AND RETURN THE CERTIFICATE TO EACH CREDIT UNION PARTY TO THE MERGER OR
3 CONSOLIDATION.

4 [(g)] (I) When the certificate is certified and sent back to the credit unions by
5 the Commissioner:

6 (1) All of the property, property rights, and members' interest of the
7 [merged] credit [union] UNIONS PARTY TO THE MERGER OR CONSOLIDATION belong
8 to the surviving OR NEW credit union without deed, endorsement, or other instrument
9 of transfer;

10 (2) All of the debts, obligations, and liabilities of the [merged] credit
11 [union] UNIONS PARTY TO THE MERGER OR CONSOLIDATION are assumed by the
12 surviving OR NEW credit union; and

13 (3) The rights and privileges of the members of the [merged] credit
14 [union] UNIONS PARTY TO THE MERGER OR CONSOLIDATION remain intact.

15 [(h)] (J) (1) The surviving OR NEW credit union shall act promptly to file
16 and record the certified certificate and plan of merger OR CONSOLIDATION with the
17 State Department of Assessments and Taxation.

18 (2) WHEN THE CERTIFICATE AND PLAN OF MERGER OR CONSOLIDATION
19 ARE FILED WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION, THE
20 MERGER OR CONSOLIDATION TAKES EFFECT.

21 [6-703.] 6-804.

22 (a) Any credit union may dissolve voluntarily, if the BOARD, THE members of
23 the credit [union] UNION, and the Commissioner approve the dissolution as provided
24 in this section.

25 (B) A MAJORITY OF THE BOARD OF A CREDIT UNION PROPOSING TO DISSOLVE
26 SHALL ADOPT A RESOLUTION THAT:

27 (1) RECOMMENDS THAT THE CREDIT UNION BE DISSOLVED
28 VOLUNTARILY; AND

29 (2) DIRECTS THAT A PROPOSAL OF DISSOLUTION BE SUBMITTED TO THE
30 MEMBERS.

31 [(b)] (C) (1) A proposed dissolution shall be approved at [a] AN ANNUAL OR
32 SPECIAL meeting [called for that purpose] OF THE MEMBER OR BY MAIL BALLOT by
33 the affirmative vote of [80 percent] TWO-THIRDS of the entire membership of the
34 credit union.

35 (2) [Each member who votes for the dissolution shall sign a statement of
36 consent to the dissolution.] THE COMMISSIONER MAY SUBSTITUTE ANY
37 REASONABLE METHOD OF DETERMINING THE VOTE OF THE MEMBERS.

1 [(c)] (D) After a proposed dissolution is approved by the members, the credit
2 union shall file with the Commissioner:

3 (1) A copy of the [statement of consent] RESOLUTION OF THE BOARD
4 RECOMMENDING VOLUNTARY DISSOLUTION, attested to by:

5 (I) [its president or a vice-president] THE CHAIRMAN OR VICE
6 CHAIRMAN OF THE BOARD; and

7 (II) [by its] THE secretary or treasurer OF THE CREDIT UNION;
8 [and]

9 (2) A verified statement of the names and addresses of [its] THE officers
10 and directors OF THE CREDIT UNION; AND

11 (3) THE VOTE BY WHICH THE VOLUNTARY DISSOLUTION WAS
12 APPROVED BY THE MEMBERS.

13 [(d)] (E) (1) If the Commissioner finds that the credit union is solvent, the
14 Commissioner shall issue to the credit union duplicate certificates stating that the
15 credit union appears to have complied with this section.

16 (2) The credit union shall file one of the certificates with the State
17 Department of Assessments and Taxation.

18 [(e)] (F) When the certificate is filed with the State Department of
19 Assessments and Taxation, the credit union is dissolved.

20 [(f)] (G) (1) On dissolution, a credit union may operate only to wind up its
21 business and affairs.

22 (2) Under the direction of the Commissioner, the [board of directors]
23 LIQUIDATING AGENT of the dissolved credit union, APPOINTED BY THE BOARD, shall:

24 (i) Discharge its debts and obligations;

25 (ii) Collect and distribute its assets; and

26 (iii) Do anything else necessary to wind up its business and affairs.

27 (3) For 3 years after the dissolution becomes effective, the credit union,
28 acting by its board [of directors] AND LIQUIDATING AGENT:

29 (i) Shall continue in existence for the purpose of winding up its
30 business and affairs; and

31 (ii) May sue and be sued in its name.

1 [6-704.] 6-805.

2 (a) Any credit union voluntarily may place its business and assets in the
3 hands of the Commissioner for liquidation as provided in this section.

4 (b) A majority of the board [of directors of a credit union] proposing a
5 voluntary receivership shall:

6 (1) Adopt a resolution that declares that the voluntary receivership is
7 advisable; and

8 (2) Set a date for a vote on the proposed voluntary receivership by the
9 members of the credit union AT AN ANNUAL OR SPECIAL MEETING OF THE MEMBERS
10 OR by mail ballot to be filed on or before that date.

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

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

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

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

21 (e) After the action is approved by the members, the proper officers of the
22 credit union shall certify the action of the members to the Commissioner, and the
23 Commissioner shall post a notice at each office of the credit union that states: "This
24 credit union is in the hands of the Maryland Commissioner of Financial Regulation
25 for liquidation."

26 (f) If a credit union is placed in the hands of the Commissioner under this
27 section, the Commissioner shall place the credit union in receivership for liquidation
28 in the same manner as provided for a banking institution under Title 5, Subtitle 6 of
29 this article.

30 6-806.

31 WITH THE APPROVAL OF THE COMMISSIONER, A CREDIT UNION MAY PURCHASE
32 THE ASSETS OR ASSUME THE LIABILITIES OF ANOTHER CREDIT UNION WHETHER OR
33 NOT THE CREDIT UNIONS HAVE THE SAME FIELD OF MEMBERSHIP TYPE, IF:

34 (1) THE OTHER CREDIT UNION IS INSOLVENT OR LIKELY TO BECOME
35 INSOLVENT;

1 (2) THE PURCHASE OR ASSUMPTION IS IN THE BEST INTEREST OF THE
2 MEMBERSHIP OF THE OTHER CREDIT UNION; AND

3 (3) THE PURCHASE OR ASSUMPTION WILL NOT ADVERSELY AFFECT THE
4 FINANCIAL CONDITION OF THE CREDIT UNION THAT MAKES THE PURCHASE OR
5 ASSUMPTION.

6 6-807.

7 (A) A CREDIT UNION MAY ESTABLISH A BRANCH IN THE STATE IN
8 ACCORDANCE WITH THE PROVISIONS OF THIS SECTION.

9 (B) (1) A CREDIT UNION THAT PROPOSES TO ESTABLISH A BRANCH IN THE
10 STATE SHALL:

11 (I) FILE WITH THE COMMISSIONER, AT LEAST 30 DAYS BEFORE
12 THE INTENDED OPENING DATE, A NOTICE OF INTENTION TO OPEN A BRANCH;

13 (II) SUBMIT TO THE COMMISSIONER ANY INFORMATION THE
14 COMMISSIONER REQUIRES IN ORDER TO EVALUATE THE PROPOSED BRANCH; AND

15 (III) PAY TO THE COMMISSIONER A BRANCH FEE OF \$100.

16 (2) THE BRANCH FEE MAY NOT APPLY TO A BRANCH THAT IS ACQUIRED
17 BY A CREDIT UNION THROUGH A MERGER OR CONSOLIDATION WITH, OR TRANSFER
18 TO THE CREDIT UNION OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF, A CREDIT
19 UNION.

20 (C) IN DECIDING WHETHER TO APPROVE THE ESTABLISHMENT OF A BRANCH,
21 THE COMMISSIONER SHALL CONSIDER WHETHER:

22 (1) THE ESTABLISHMENT OF THE BRANCH WILL PROMOTE THE
23 CONVENIENCE OF THE MEMBERS OF THE CREDIT UNION;

24 (2) THE APPLICANT HAS SUFFICIENT NET WORTH TO SUPPORT THE
25 BRANCH; AND

26 (3) THE APPLICANT GENERALLY IS OPERATING IN COMPLIANCE WITH
27 THE PROVISIONS OF THIS TITLE.

28 (D) (1) THE COMMISSIONER SHALL DECIDE WHETHER TO APPROVE THE
29 ESTABLISHMENT OF A BRANCH WITHIN 30 DAYS OF RECEIPT OF THE NOTICE
30 SPECIFIED IN SUBSECTION (B)(1) OF THIS SECTION.

31 (2) THE ESTABLISHMENT OF A BRANCH SHALL BE DEEMED APPROVED
32 IF THE COMMISSIONER TAKES NO ACTION ON THE NOTICE WITHIN THE TIME LIMIT
33 SPECIFIED IN THIS SUBSECTION.

1 6-808.

2 (A) AN OUT-OF-STATE CREDIT UNION SHALL PROVIDE THE COMMISSIONER,
3 WITHIN 15 DAYS OF OPENING A BRANCH IN THE STATE, WITH A NOTICE OF THE
4 OPENING OF THE BRANCH.

5 (B) A CREDIT UNION CHARTERED AND PRIMARILY REGULATED BY ANOTHER
6 STATE THAT PROPOSES TO ESTABLISH A BRANCH IN THIS STATE SHALL QUALIFY
7 UNDER § 7-203 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE TO DO BUSINESS
8 IN THE STATE AS A FOREIGN CORPORATION.

9 (C) AN OUT-OF-STATE CREDIT UNION THAT HAS A BRANCH IN THIS STATE
10 MAY ESTABLISH ADDITIONAL BRANCHES IN THIS STATE:

11 (1) TO THE SAME EXTENT AS A CREDIT UNION; OR

12 (2) TO THE EXTENT OTHERWISE PERMITTED BY FEDERAL LAW.

13 6-809.

14 (A) A CREDIT UNION MAY REQUIRE NOT MORE THAN 60 DAYS' NOTICE OF A
15 MEMBER'S INTENTION TO WITHDRAW FROM A SHARE ACCOUNT OR DEPOSIT
16 ACCOUNT.

17 (B) A REQUIREMENT IMPOSED UNDER SUBSECTION (A) OF THIS SECTION
18 SHALL:

19 (1) APPLY TO ALL MEMBERS OF THE CREDIT UNION; AND

20 (2) BE INCLUDED IN EACH MEMBER'S ACCOUNT AGREEMENT.

21 SUBTITLE 9. PROHIBITED ACTIVITIES; PENALTIES.

22 [6-104.] 6-901.

23 (a) (1) Except for a credit union authorized to do business in this State, a
24 person may not:

25 (I) [use] USE OR ADVERTISE any name or title that contains the
26 words "credit union" OR ANY DERIVATION OF THAT TERM;

27 (II) REPRESENT ITSELF AS A CREDIT UNION;

28 (III) CONDUCT BUSINESS AS A CREDIT UNION; OR

29 (IV) CONDUCT BUSINESS UNDER A NAME OR TITLE THAT:

30 1. INDICATES OR REASONABLY IMPLIES THAT THE PERSON
31 ENGAGES IN OR TRANSACTS THE TYPE OF BUSINESS CONDUCTED BY A CREDIT
32 UNION; OR

1 [6-307.] 6-905.

2 (a) The Commissioner may order a credit union, OR ENTER INTO AN
3 AGREEMENT WITH A CREDIT UNION, to take corrective action if the Commissioner
4 finds that the credit union:

- 5 (1) Has failed to file a report when due;
- 6 (2) Is insolvent;
- 7 (3) Has violated any provision of this title; or
- 8 (4) Is engaged in an unsafe or unauthorized practice.

9 (b) (1) Before the order becomes effective, the Commissioner shall give the
10 credit union an opportunity for a hearing.

11 (2) NOTICE OF THE HEARING SHALL BE GIVEN AND THE HEARING
12 SHALL BE HELD IN ACCORDANCE WITH TITLE 10 OF THE STATE GOVERNMENT
13 ARTICLE.

14 (C) IF THE COMMISSIONER DETERMINES THAT THE VIOLATION OR PRACTICE
15 UNDER SUBSECTION (A) OF THIS SECTION REQUIRES IMMEDIATE ACTION TO
16 PROTECT DEPOSITORS OR MEMBERS, THE COMMISSIONER:

17 (1) MAY ISSUE A CEASE AND DESIST ORDER THAT IS EFFECTIVE ON
18 SERVICE; AND

19 (2) SHALL GIVE THE CREDIT UNION AN OPPORTUNITY FOR A HEARING
20 TO RESCIND THE ORDER.

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

23 (1) Take possession of the business and assets of the credit union and
24 operate it until the Commissioner permits it to resume business or until the
25 Commissioner orders its liquidation under item (3) of this subsection;

26 (2) Order the [Credit Union Insurance Corporation] CREDIT UNION
27 SHARE GUARANTY CORPORATION THAT INSURES THE CREDIT UNION to take
28 possession of the business and assets of the credit union and operate it in accordance
29 with the Commissioner's instructions until the Commissioner permits it to resume
30 business or until the Commissioner orders its liquidation under item (3) of this
31 subsection; or

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

34 [6-307.1.] 6-906.

35 (a) The Commissioner shall order any credit union to cease and desist from:

- 1 (1) An unsafe or unsound [banking] practice;
- 2 (2) A practice that is injurious to the public interest; or
- 3 (3) A violation of laws or rules or regulations that relate to the
4 Commissioner's supervision of the credit union.

5 (b) To protect depositors or [shareholders] MEMBERS, the Commissioner may
6 include in a cease and desist order a restriction on the withdrawal of money from any
7 credit union.

8 (c) The Commissioner may include in a cease and desist order a requirement
9 that the officers [, directors, or committee members of a credit union] OR OFFICIALS
10 act affirmatively to correct any violation or practice.

11 (d) (1) Before a cease and desist order takes effect, the Commissioner shall
12 give the credit union an opportunity for a hearing.

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

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

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

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

21 [6-307.2.] 6-907.

22 (a) (1) If the Commissioner believes that [a director,] AN officer[, or
23 committee member of a credit union] OR OFFICIAL has engaged in an unsafe or
24 unsound practice, the Commissioner shall send a warning to the [director,] officer[,
25 or committee member] OR OFFICIAL.

26 (2) If the Commissioner finds that the [director,] officer[, or committee
27 member] OR OFFICIAL has continued to engage in the unsafe or unsound practice, the
28 Commissioner may report the facts to the Secretary of Labor, Licensing, and
29 Regulation and the Attorney General.

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

33 (b) (1) If the Commissioner finds that the unsafe or unsound practice
34 continues after the warning and the officer, [director, or committee member]
35 OFFICIAL, AGENT, OR EMPLOYEE was provided an opportunity to be heard, the
36 Commissioner may remove the officer, [director, or committee member] OFFICIAL,

1 AGENT, OR EMPLOYEE with the approval of the Secretary of Labor, Licensing, and
2 Regulation.

3 (2) NOTICE OF THE HEARING SHALL BE GIVEN AND THE HEARING
4 SHALL BE HELD IN ACCORDANCE WITH TITLE 10 OF THE STATE GOVERNMENT
5 ARTICLE.

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

8 (D) IF THE COMMISSIONER DETERMINES THAT THE UNSAFE OR UNSOUND
9 PRACTICE UNDER SUBSECTION (A) OF THIS SECTION REQUIRES IMMEDIATE ACTION
10 TO PROTECT DEPOSITORS OR MEMBERS, THE COMMISSIONER:

11 (1) MAY ISSUE A CEASE AND DESIST ORDER THAT IS EFFECTIVE ON
12 SERVICE; AND

13 (2) SHALL GIVE THE OFFICER OR OFFICIAL AN OPPORTUNITY FOR A
14 HEARING TO RESCIND THE ORDER.

15 [6-307.3.] 6-908.

16 (a) If the Commissioner believes that any [director,] officer, [committee
17 member] OFFICIAL, agent, or employee OF A CREDIT UNION has violated any
18 provision of this title, the Commissioner [immediately shall] MAY report the violation
19 directly to the Secretary of Labor, Licensing, and Regulation and to the Attorney
20 General who shall take the appropriate steps to institute a prosecution for the
21 violation.

22 (b) (1) The Commissioner shall send a written warning to [a director,] AN
23 officer, [committee member] OFFICIAL, agent, or employee of a credit union who the
24 Commissioner believes has violated any provision of this title.

25 (2) If after a warning the violation continues, the [director,] officer,
26 [committee member] OFFICIAL, agent, or employee may be removed [under § 6-307]
27 AS PROVIDED IN § 6-907(B) of this [title] SUBTITLE.

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

32 (C) IF THE COMMISSIONER DETERMINES THAT THE VIOLATION UNDER
33 SUBSECTION (A) OF THIS SECTION REQUIRES IMMEDIATE ACTION TO PROTECT
34 DEPOSITORS OR MEMBERS, THE COMMISSIONER:

35 (1) MAY ISSUE A CEASE AND DESIST ORDER THAT IS EFFECTIVE ON
36 SERVICE; AND

1 (2) SHALL GIVE THE OFFICER, OFFICIAL, AGENT, OR EMPLOYEE AN
2 OPPORTUNITY FOR A HEARING TO RESCIND THE ORDER.

3 [6-309.]6-909.

4 (a) Except as otherwise provided in this article, the Commissioner and the
5 employees of and the attorney for the Commissioner's office may not disclose:

6 (1) The name of any debtor of a credit union;

7 (2) Any information about the private accounts with or transactions of a
8 credit union;

9 (3) Any information obtained in the course of examining a credit union;
10 or

11 (4) Any confidential information obtained from a credit union authority.

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

13 (1) In performing a public duty to report on or take special action about
14 the business of a credit union;

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

16 (3) In informing any [director or authorized] OFFICIAL, officer,
17 employee, or agent of a credit union under examination of the results of that
18 examination.

19 (c) (1) The Commissioner may give [the Credit Union Insurance
20 Corporation or the National Credit Union Administration Share Insurance Program]
21 A CREDIT UNION SHARE GUARANTY CORPORATION information about a credit union
22 if:

23 [(1)] (I) The credit union is insured by the [Credit Union Insurance
24 Corporation or the National Credit Union Administration Share Insurance Program]
25 CREDIT UNION SHARE GUARANTY CORPORATION; or

26 [(2)] (II) The credit union:

27 [(i)] 1. Is applying for insurance from the [Credit Union
28 Insurance Corporation or the National Credit Union Administration Share Insurance
29 Program] CREDIT UNION SHARE GUARANTY CORPORATION; and

30 [(ii)] 2. Requests the Commissioner to provide the information.

31 (2) THE COMMISSIONER MAY GIVE THE NATIONAL CREDIT UNION
32 ADMINISTRATION SHARE INSURANCE PROGRAM INFORMATION ABOUT A CREDIT
33 UNION IF:

1 (I) THE CREDIT UNION IS INSURED BY THE NATIONAL CREDIT
2 UNION ADMINISTRATION SHARE INSURANCE PROGRAM; OR

3 (II) THE CREDIT UNION:

4 1. IS APPLYING FOR INSURANCE FROM THE NATIONAL
5 CREDIT UNION ADMINISTRATION SHARE INSURANCE PROGRAM; AND

6 2. REQUESTS THE COMMISSIONER TO PROVIDE THE
7 INFORMATION.

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

10 (1) Remains the property of the Commissioner; and

11 (2) May not be further disclosed by that person without the written
12 permission of the Commissioner.

13 (e) A person that violates any provision of this section is guilty of a
14 misdemeanor and on conviction is subject to:

15 (1) Forfeiture of the person's office or employment; and

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

18 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
19 read as follows:

20 **Article - Financial Institutions**

21 6-101.

22 (f) (1) "Credit union share guaranty corporation" means A CORPORATION
23 ENGAGED IN THE BUSINESS OF GUARANTEEING OR INSURING PAYMENT OF A
24 CREDIT UNION SHARE OR DEPOSIT ACCOUNT.

25 (2) "CREDIT UNION SHARE GUARANTY CORPORATION" INCLUDES the
26 Credit Union Insurance Corporation established under Title 7 of this article.

27 6-701.

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

29 (1) [Be a member of a credit union share guaranty corporation and have
30 its member accounts insured by that corporation on the same basis and to the same
31 extent and amount as provided by the National Credit Union Administration Share
32 Insurance Program; or

1 (2)] Participate in and have its member accounts insured under the
2 National Credit Union Administration Share Insurance Program; OR

3 (2) PARTICIPATE IN AND HAVE ITS MEMBER ACCOUNTS INSURED BY A
4 CREDIT UNION SHARE GUARANTY CORPORATION THAT IS APPROVED BY THE
5 COMMISSIONER TO AT LEAST THE SAME EXTENT AND AMOUNT AS PROVIDED BY THE
6 NATIONAL CREDIT UNION ADMINISTRATION SHARE INSURANCE PROGRAM.

7 (B) (1) THE COMMISSIONER MAY EXAMINE ANY CREDIT UNION SHARE
8 GUARANTY CORPORATION THAT INSURES THE MEMBER ACCOUNTS OF A CREDIT
9 UNION THAT IS SUBJECT TO THIS TITLE.

10 (2) THE COMMISSIONER MAY CHARGE THE REASONABLE COST OF AN
11 EXAMINATION CONDUCTED UNDER PARAGRAPH (1) OF THIS SUBSECTION TO THE
12 CREDIT UNION SHARE GUARANTY CORPORATION THAT IS EXAMINED.

13 (C) A CREDIT UNION SHARE GUARANTY CORPORATION, ITS MEMBERS, AND
14 PERSONS WHO HAVE SHARE AND DEPOSIT ACCOUNTS IN CREDIT UNIONS ARE NOT
15 SUBJECT TO THE PROVISIONS OF THE INSURANCE ARTICLE AS A RESULT OF ANY OF
16 THE ACTIVITIES OF THE CREDIT UNION SHARE GUARANTY CORPORATION UNDER
17 THIS TITLE.

18 [(b)] (D) [No] A credit union may NOT voluntarily terminate its insurance
19 with the National Credit Union Administration Share Insurance Program OR A
20 CREDIT UNION SHARE GUARANTY CORPORATION without prior approval of the
21 Commissioner.

22 SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the
23 General Assembly that the purpose of this Act is to:

24 (1) Safeguard the public interest;

25 (2) Promote public confidence in credit unions doing business in this
26 State;

27 (3) Provide for the protection of the interest, shares, and deposits of
28 credit unions;

29 (4) Delegate to the Commissioner of Financial Regulation discretionary
30 authority that may be necessary to assure that credit unions operating under this Act
31 may be sufficiently flexible and readily responsive to changes in economic conditions
32 and practices;

33 (5) Maintain sound credit union growth and financial integrity, fiscal
34 responsibility, and independent judgment in the management of the business affairs
35 of credit unions;

36 (6) Permit credit unions to effectively provide financial services;

1 (7) Provide effective supervision and regulation of credit unions and
2 their fields of membership types, including giving the Commissioner of Financial
3 Regulation sufficient discretionary authority to assure that credit unions operate in a
4 safe and sound manner; and

5 (8) Clarify and modernize the law governing credit unions doing
6 business in this State.

7 SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the
8 General Assembly that the Task Force to Study the Modernization of Credit Union
9 Law, established under Chapter 604 of the Acts of the General Assembly of 1999, shall
10 continue to meet after the 2001 Session and shall report to the General Assembly, in
11 accordance with § 2-1246 of the State Government Article, on or before June 30, 2001
12 on:

13 (1) The dissolution of the Credit Union Insurance Corporation;

14 (2) The policy and standards for the regulation by the Commissioner of
15 Financial Regulation of credit union share guaranty corporations that seek to insure
16 the member accounts of credit unions regulated by the Commissioner; and

17 (3) Any other issues that the Task Force determines are appropriate for
18 consideration by the General Assembly concerning credit unions.

19 SECTION 5. AND BE IT FURTHER ENACTED, That if any provision of this
20 Act or the application thereof to any person or circumstance is held invalid for any
21 reason in a court of competent jurisdiction, the invalidity does not affect other
22 provisions or any other application of this Act which can be given effect without the
23 invalid provision or application, and for this purpose the provisions of this Act are
24 declared severable.

25 SECTION 6. AND BE IT FURTHER ENACTED, That the provisions of § 6-706
26 of the Financial Institutions Article, as enacted by Section 1 of this Act, do not affect
27 the legality of investments in fixed assets made prior to October 1, 2001.

28 SECTION 7. AND BE IT FURTHER ENACTED, That a member of a credit
29 union as of October 1, 2001 may remain a member of the credit union after October 1,
30 2001. A member of any group whose members constitute a portion of the membership
31 of a credit union as of October 1, 2001 shall continue to be eligible to become a
32 member of that credit union, by virtue of membership in that group, after October 1,
33 2001. If the common bond of any group referred to in this section is defined by a
34 particular organization or business entity, the provisions of this section shall continue
35 to apply with respect to any successor to the organization or entity.

36 SECTION 8. AND BE IT FURTHER ENACTED, That:

37 (1) At the times specified in subsection (2) of this section, a credit union
38 shall submit to the Commissioner of Financial Regulation a detailed plan to
39 encourage low income persons to join the credit union and to expand their usage of
40 the services the credit union has chosen to offer, including: (i) loan services; (ii) share,

1 share draft, and deposit accounts; (iii) education and financial counseling services;
2 (iv) services that provide low income members access to financial alternatives to
3 predatory lending practices; and (v) other appropriate credit union services.

4 (2) A credit union shall submit to the Commissioner the detailed plan
5 required under subsection (1) of this section at the time the credit union files an
6 application:

7 (i) To form a community common bond credit union under § 6-301
8 of the Financial Institutions Article or to convert to a community common bond credit
9 union under § 6-304 of the Financial Institutions Article; or

10 (ii) To include in its field of membership a community,
11 neighborhood, rural district, or county that the Commissioner has determined is an
12 investment area and underserved by other depository financial institutions under §
13 6-301(d) of the Financial Institutions Article.

14 SECTION ~~8~~: 9. AND BE IT FURTHER ENACTED, That the publisher of the
15 Annotated Code of Maryland, subject to the approval of the Department of Legislative
16 Services, shall correct any cross-references throughout the Code that are rendered
17 incorrect or obsolete by this Act.

18 SECTION ~~9~~: 10. AND BE IT FURTHER ENACTED, That Section 2 of this Act
19 shall take effect July 1, 2002.

20 SECTION ~~10~~: 11. AND BE IT FURTHER ENACTED, That, except as provided
21 in Section ~~9~~ 10 of this Act, this Act shall take effect October 1, 2001.