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By: **Delegates Bobo and Rawlings**  
Introduced and read first time: February 9, 2001  
Assigned to: Commerce and Government Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Banking Institutions - Eligibility for Designation as a Depository - Basic**  
3 **Banking Accounts**

4 FOR the purpose of requiring the Commissioner of Financial Regulation to certify a  
5 banking institution as eligible for designation by the Treasurer as a depository  
6 for State money if the banking institution offers or maintains at each branch of  
7 the banking institution in the State basic banking accounts and the banking  
8 institution certifies that the banking institution will continue to offer or  
9 maintain basic banking accounts under certain circumstances; providing for the  
10 term of eligibility for designation as a depository under certain circumstances;  
11 requiring the Commissioner to provide the Treasurer with a list of certified  
12 banking institutions under certain circumstances; establishing certain rules,  
13 conditions, and terms applicable to a basic banking account; requiring a banking  
14 institution to make certain disclosures to an applicant for a basic banking  
15 account; authorizing a banking institution to impose certain requirements on an  
16 applicant for or account holder of a basic banking account; requiring an  
17 applicant for or account holder of a basic banking account to comply with a  
18 certain agreement subject to a certain penalty; authorizing a banking  
19 institution to submit an application to the Commissioner for approval to  
20 increase certain charges for a basic banking account under certain  
21 circumstances; prohibiting the Treasurer from designating a financial  
22 institution as a certain depository unless the Commissioner certifies the  
23 eligibility for the designation of the financial institution under certain  
24 circumstances; defining certain terms; and generally relating to the eligibility of  
25 banking institutions for designation as depositories and the establishment and  
26 operation of basic banking accounts.

27 BY adding to  
28 Article - Financial Institutions  
29 Section 12-901 through 12-907, inclusive, to be under the new subtitle "Subtitle  
30 9. Basic Banking Accounts"  
31 Annotated Code of Maryland  
32 (1998 Replacement Volume and 2000 Supplement)

33 BY repealing and reenacting, without amendments,

1 Article - State Finance and Procurement  
2 Section 6-205  
3 Annotated Code of Maryland  
4 (1995 Replacement Volume and 2000 Supplement)

5 BY repealing and reenacting, with amendments,  
6 Article - State Finance and Procurement  
7 Section 6-206  
8 Annotated Code of Maryland  
9 (1995 Replacement Volume and 2000 Supplement)

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

12 **Article - Financial Institutions**

13 **SUBTITLE 9. BASIC BANKING ACCOUNTS.**

14 12-901.

15 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
16 INDICATED.

17 (B) "ACCOUNT HOLDER" MEANS AN INDIVIDUAL WHO HOLDS A BASIC  
18 BANKING ACCOUNT.

19 (C) "BANKING INSTITUTION" MEANS:

20 (1) A FOREIGN BANK;

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

22 (3) A SAVINGS AND LOAN ASSOCIATION FORMED UNDER TITLE 9 OF THIS  
23 ARTICLE;

24 (4) A COMMERCIAL BANK FORMED UNDER TITLE 3 OF THIS ARTICLE; OR

25 (5) A SAVINGS BANK FORMED UNDER TITLE 4 OF THIS ARTICLE.

26 (D) "BASIC BANKING ACCOUNT" MEANS A CONSUMER TRANSACTION  
27 ACCOUNT OFFERED BY A BANKING INSTITUTION THAT COMPLIES WITH THE  
28 PROVISIONS OF THIS SUBTITLE.

29 (E) (1) "BRANCH" MEANS AN OFFICE OF A BANKING INSTITUTION THAT IS  
30 OPEN TO THE PUBLIC AND AT WHICH DEPOSITS ARE RECEIVED, CHECKS ARE PAID,  
31 OR MONEY IS LENT.

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

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

3 (F) "CONSUMER TRANSACTION ACCOUNT" MEANS:

4 (1) A DEMAND DEPOSIT ACCOUNT;

5 (2) A NEGOTIABLE ORDER OF WITHDRAWAL ACCOUNT; OR

6 (3) AN ACCOUNT USED PRIMARILY FOR PERSONAL, FAMILY, OR  
7 HOUSEHOLD PURPOSES.

8 (G) "OUT-OF-STATE BANK" MEANS:

9 (1) A NATIONAL BANKING ASSOCIATION WITH ITS MAIN OFFICE IN A  
10 STATE OTHER THAN THIS STATE; OR

11 (2) AN OTHER-STATE BANK.

12 (H) "PERIODIC CYCLE" MEANS THE PERIOD COVERED BY THE BANKING  
13 INSTITUTION'S REGULAR CONSUMER TRANSACTION ACCOUNT STATEMENT.

14 (I) "WITHDRAWAL TRANSACTION" MEANS A WITHDRAWAL FROM A  
15 CONSUMER TRANSACTION ACCOUNT BY MEANS OF:

16 (1) A WITHDRAWAL SLIP;

17 (2) A CHECK;

18 (3) A NEGOTIABLE ORDER; OR

19 (4) AN AUTOMATED TELLER MACHINE.

20 12-902.

21 THIS SUBTITLE APPLIES ONLY TO A BANKING INSTITUTION THAT OFFERS A  
22 CONSUMER TRANSACTION ACCOUNT TO THE GENERAL PUBLIC.

23 12-903.

24 (A) AT THE REQUEST OF A BANKING INSTITUTION, THE COMMISSIONER  
25 SHALL CERTIFY THE BANKING INSTITUTION AS ELIGIBLE FOR DESIGNATION BY THE  
26 TREASURER AS A DEPOSITARY FOR STATE MONEY UNDER §§ 6-205 AND 6-206 OF THE  
27 STATE FINANCE AND PROCUREMENT ARTICLE IF, AT THE TIME OF APPLICATION TO  
28 THE COMMISSIONER, THE BANKING INSTITUTION:

29 (1) OFFERS OR MAINTAINS AT EACH BRANCH OF THE BANKING  
30 INSTITUTION IN THE STATE BASIC BANKING ACCOUNTS IN ACCORDANCE WITH THE  
31 PROVISIONS OF THIS SUBTITLE; AND

1 (2) CERTIFIES TO THE COMMISSIONER THAT THE BANKING  
2 INSTITUTION WILL CONTINUE TO OFFER OR MAINTAIN BASIC BANKING ACCOUNTS  
3 THROUGHOUT THE PERIOD OF ELIGIBILITY.

4 (B) A BANKING INSTITUTION SEEKING CERTIFICATION OF ELIGIBILITY FROM  
5 THE COMMISSIONER UNDER THIS SECTION SHALL PROVIDE ALL RECORDS AND  
6 EVIDENCE THAT THE COMMISSIONER REQUIRES.

7 (C) (1) A PERIOD OF CERTIFIED ELIGIBILITY UNDER THIS SECTION  
8 COMMENCES ON JANUARY 1 AND IS VALID FOR 1 YEAR.

9 (2) THE COMMISSIONER MAY NOT ACCEPT APPLICATIONS FOR  
10 CERTIFICATION OF ELIGIBILITY AFTER SEPTEMBER 1 FOR THE FOLLOWING YEAR.

11 (D) ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE COMMISSIONER SHALL  
12 PROVIDE THE TREASURER WITH A LIST OF BANKING INSTITUTIONS CERTIFIED AS  
13 ELIGIBLE TO BE DEPOSITARIES OF STATE MONEY FOR THE FOLLOWING YEAR.

14 12-904.

15 (A) THE FOLLOWING RULES, CONDITIONS, AND TERMS APPLY TO A BASIC  
16 BANKING ACCOUNT OFFERED BY A BANKING INSTITUTION UNDER THIS SUBTITLE:

17 (1) THE BANKING INSTITUTION MAY NOT REQUIRE AN INITIAL DEPOSIT  
18 AMOUNT THAT EXCEEDS \$25 TO OPEN THE ACCOUNT;

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

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

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

24 (5) AN ACCOUNT HOLDER MAY PERFORM A MINIMUM OF EIGHT  
25 WITHDRAWAL TRANSACTIONS DURING A PERIODIC CYCLE WITHOUT INCURRING AN  
26 ADDITIONAL CHARGE FOR WITHDRAWAL TRANSACTIONS;

27 (6) A WITHDRAWAL TRANSACTION IS CONSIDERED PERFORMED WHEN  
28 THE WITHDRAWAL TRANSACTION IS RECORDED ON THE BOOKS OF THE BANKING  
29 INSTITUTION OF THE ACCOUNT HOLDER, AND NOT NECESSARILY THE DATE THE  
30 ACCOUNT HOLDER PERFORMED THE TRANSACTION;

31 (7) EXCEPT AS PROVIDED IN ITEM (8) OF THIS SUBSECTION, AN  
32 ACCOUNT HOLDER MAY MAKE UNLIMITED DEPOSITS TO THE ACCOUNT WITHOUT  
33 INCURRING AN ADDITIONAL CHARGE;

34 (8) THE BANKING INSTITUTION MAY CHARGE AN ACCOUNT HOLDER  
35 FOR TRANSACTIONS AT AUTOMATED TELLER MACHINES NOT OPERATED BY THE  
36 BANKING INSTITUTION AND OTHER FEES AND CHARGES FOR BANKING SERVICES

1 NOT SPECIFICALLY PROVIDED FOR BY THIS SUBTITLE, PROVIDED THAT THE FEES  
2 AND CHARGES IMPOSED BY THE BANKING INSTITUTION DO NOT EXCEED THE  
3 AMOUNTS CHARGED BY THE BANKING INSTITUTION TO THE HOLDERS OF OTHER  
4 CONSUMER TRANSACTION ACCOUNTS IN THE BANKING INSTITUTION FOR SIMILAR  
5 TRANSACTIONS; AND

6 (9) EVERY STATEMENT ISSUED TO AN ACCOUNT HOLDER AT THE END  
7 OF A PERIODIC CYCLE SHALL INCLUDE A CONSPICUOUS NOTICE STATING:

8 (I) THE MAXIMUM NUMBER OF WITHDRAWAL TRANSACTIONS AN  
9 ACCOUNT HOLDER MAY PERFORM DURING A PERIODIC CYCLE WITHOUT INCURRING  
10 AN ADDITIONAL CHARGE;

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

13 (III) THAT A WITHDRAWAL TRANSACTION IS CONSIDERED  
14 PERFORMED WHEN THE WITHDRAWAL TRANSACTION IS RECORDED ON THE BOOKS  
15 OF THE BANKING INSTITUTION OF THE ACCOUNT HOLDER; AND

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

19 (B) EXCEPT AS PROVIDED IN THIS SUBTITLE, A BASIC BANKING ACCOUNT  
20 OFFERED BY A BANKING INSTITUTION UNDER THIS SUBTITLE IS SUBJECT TO THE  
21 RULES, CONDITIONS, AND TERMS OF OTHER CONSUMER TRANSACTION ACCOUNTS  
22 OFFERED BY THE BANKING INSTITUTION.

23 12-905.

24 (A) BEFORE OPENING A BASIC BANKING ACCOUNT, A BANKING INSTITUTION  
25 SHALL PROVIDE THE APPLICANT WITH:

26 (1) A WRITTEN DISCLOSURE THAT STATES:

27 (I) THE INITIAL DEPOSIT AMOUNT REQUIRED TO OPEN THE  
28 ACCOUNT;

29 (II) THAT THERE IS NO MINIMUM BALANCE REQUIRED TO  
30 MAINTAIN THE ACCOUNT;

31 (III) THE LENGTH OF THE PERIODIC CYCLE;

32 (IV) THE CHARGE PER PERIODIC CYCLE FOR MAINTAINING THE  
33 ACCOUNT;

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

1 (VI) THAT A WITHDRAWAL TRANSACTION IS CONSIDERED  
2 PERFORMED WHEN THE WITHDRAWAL TRANSACTION IS RECORDED ON THE BOOKS  
3 OF THE BANKING INSTITUTION OF THE ACCOUNT HOLDER, AND NOT NECESSARILY  
4 THE DATE THE ACCOUNT HOLDER PERFORMED THE TRANSACTION;

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

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

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

13 (X) OTHER DISCLOSURES CUSTOMARILY MADE IN CONNECTION  
14 WITH THE OPENING OF OTHER CONSUMER TRANSACTION ACCOUNTS BY THE  
15 BANKING INSTITUTION; AND

16 (2) ON A SEPARATE SHEET OF PAPER, A COPY OF THE FOLLOWING  
17 NOTICE AND ACKNOWLEDGMENT TO BE SIGNED BY THE APPLICANT:

18 "NOTICE AND ACKNOWLEDGMENT

19 I UNDERSTAND THAT I MAY MAKE ONLY \_\_\_\_ (NUMBER) WITHDRAWALS DURING  
20 EACH PERIODIC CYCLE OF \_\_\_\_ (NUMBER) DAYS WITHOUT INCURRING ADDITIONAL  
21 SERVICE CHARGES AND THAT OTHER FEES SUCH AS "BOUNCED CHECK" FEES, "STOP  
22 PAYMENT" FEES, OR FEES FOR USING ELECTRONIC FACILITIES NOT OPERATED BY  
23 MY BANKING INSTITUTION MAY ALSO BE CHARGED TO MY ACCOUNT, AS  
24 APPLICABLE."

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

27 (1) GIVEN TO THE ACCOUNT HOLDER WHEN THE ACCOUNT IS OPENED;  
28 AND

29 (2) MAINTAINED BY THE BANKING INSTITUTION FOR A MINIMUM OF 3  
30 YEARS.

31 12-906.

32 (A) AS A CONDITION FOR OPENING OR MAINTAINING A BASIC BANKING  
33 ACCOUNT, A BANKING INSTITUTION MAY REQUIRE AN APPLICANT OR AN ACCOUNT  
34 HOLDER:

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

1           (2)     TO PROVIDE THE SAME INFORMATION REQUIRED OF APPLICANTS  
2 FOR OR HOLDERS OF OTHER CONSUMER TRANSACTION ACCOUNTS AT THE BANKING  
3 INSTITUTION; AND

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

7                   (I)     SOCIAL SECURITY PAYMENTS;

8                   (II)    WAGES OR SALARY;

9                   (III)   PENSION PAYMENTS; OR

10                  (IV)   OTHER RECURRING PAYMENTS THE BANKING INSTITUTION  
11 CONSIDERS APPROPRIATE.

12    (B)   (1)     AS A CONDITION FOR OPENING OR MAINTAINING A BASIC BANKING  
13 ACCOUNT, AN APPLICANT OR AN ACCOUNT HOLDER SHALL AGREE NOT TO MAINTAIN  
14 ANOTHER CONSUMER TRANSACTION ACCOUNT EXCEPT AS PROVIDED IN  
15 PARAGRAPH (2) OF THIS SUBSECTION.

16           (2)     AN ACCOUNT HOLDER MAY:

17                   (I)     MAINTAIN AN ACCOUNT IDENTIFIED AS A BURIAL FUND  
18 ACCOUNT; OR

19                   (II)    HOLD ANOTHER CONSUMER TRANSACTION ACCOUNT FOR UP  
20 TO 60 DAYS AFTER THE DATE A BASIC BANKING ACCOUNT IS OPENED.

21           (3)     THE AGREEMENT REQUIRED UNDER PARAGRAPH (1) OF THIS  
22 SUBSECTION SHALL BE IN WRITING AND SIGNED BY THE APPLICANT OR ACCOUNT  
23 HOLDER.

24           (4)     AN ACCOUNT HOLDER WHO VIOLATES THE AGREEMENT REQUIRED  
25 UNDER PARAGRAPH (1) OF THIS SUBSECTION IS SUBJECT TO A FINE NOT EXCEEDING  
26 \$500.

27 12-907.

28    (A)    IF A BANKING INSTITUTION DETERMINES THAT THE CHARGES THE  
29 BANKING INSTITUTION IS AUTHORIZED TO IMPOSE ON THE ACCOUNT HOLDER OF A  
30 BASIC BANKING ACCOUNT ARE LESS THAN THE ACTUAL COST TO THE BANKING  
31 INSTITUTION OF PROVIDING A BASIC BANKING ACCOUNT, THE BANKING  
32 INSTITUTION MAY SUBMIT AN APPLICATION TO THE COMMISSIONER FOR APPROVAL  
33 TO INCREASE THE CHARGES TO AN AMOUNT THAT IS NO GREATER THAN THE  
34 ACTUAL COSTS.

35    (B)    IN REVIEWING AN APPLICATION FOR APPROVAL OF AN INCREASE IN  
36 CHARGES, THE COMMISSIONER SHALL CONSIDER:

1 (1) WHETHER THE ACTUAL COST TO THE BANKING INSTITUTION OF  
2 PROVIDING A BASIC BANKING ACCOUNT IS CUSTOMARY AND REASONABLE GIVEN  
3 THE SIZE AND LOCATION OF THE BANKING INSTITUTION; AND

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

6 **Article - State Finance and Procurement**

7 6-205.

8 (a) Subject to the limitations in this subtitle and in any other law, the  
9 Treasurer may designate any financial institution as a depository for State money.

10 (b) The Treasurer may designate foreign banks and similar institutions as  
11 depositories for the purpose of conducting State government activities outside the  
12 United States. The deposits in such institutions may not exceed the amount  
13 appropriated in the budget for conducting State government activities outside the  
14 United States.

15 6-206.

16 The Treasurer may not designate a financial institution or a foreign institution  
17 as a depository unless:

18 (1) the Governor approves the designation; AND

19 (2) FOR A FINANCIAL INSTITUTION, THE COMMISSIONER OF FINANCIAL  
20 REGULATION CERTIFIES THE ELIGIBILITY FOR THE DESIGNATION OF THE  
21 FINANCIAL INSTITUTION UNDER § 12-903 OF THE FINANCIAL INSTITUTIONS  
22 ARTICLE.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
24 July 1, 2001.