

SENATE BILL 160

Unofficial Copy
II
SB 385/02 - FIN

2003 Regular Session
3r1522
CF 3r1211

By: **Senator Astle**

Introduced and read first time: January 27, 2003

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Banking Institutions - Truncated Accounts**

3 FOR the purpose of repealing certain provisions of law requiring certain banking
4 institutions to offer customers a certain checking account plan and to provide
5 certain information to a customer opening a truncated checking account;
6 clarifying that a request by a customer with a truncated account for return of a
7 check must be in writing; altering the number of checks that a banking
8 institution must return to a customer with a truncated account under certain
9 circumstances; clarifying that a banking institution may return a check
10 facsimile instead of an original check to a customer under certain circumstances;
11 defining certain terms; making stylistic changes; and generally relating to
12 truncated accounts offered by banking institutions to their customers.

13 BY repealing and reenacting, with amendments,
14 Article - Financial Institutions
15 Section 5-513
16 Annotated Code of Maryland
17 (1998 Replacement Volume and 2002 Supplement)

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

20 **Article - Financial Institutions**

21 5-513.

22 [(a) A banking institution offering truncated checking accounts shall also offer
23 customers a checking account plan that provides for the return of canceled checks on
24 a monthly basis.

25 (b) When a customer opens a truncated checking account, the banking
26 institution shall inform the customer of the length of time the banking institution
27 intends to keep the original canceled checks.]

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

3 (2) "CHECK" MEANS A DRAFT THAT IS DRAWN ON A BANKING
4 INSTITUTION AND PAYABLE ON DEMAND.

5 (3) "CHECK FACSIMILE" MEANS A COPY OF AN ORIGINAL CHECK
6 REPRODUCED THROUGH PHOTOGRAPHIC, PHOTOSTATIC, MICROFILM, MICROCARD,
7 MINIATURE PHOTOGRAPHIC, OPTICAL IMAGING, ELECTRONIC, DIGITAL, MAGNETIC,
8 WIRELESS, ELECTROMAGNETIC, OR OTHER PROCESS THAT ACCURATELY
9 REPRODUCES OR FORMS A DURABLE MEDIUM FOR REPRODUCING THE ORIGINAL
10 CHECK.

11 (4) "DRAFT" HAS THE MEANING STATED IN § 3-104 OF THE COMMERCIAL
12 LAW ARTICLE.

13 (5) "TRUNCATED ACCOUNT" MEANS A CHECKING, NEGOTIABLE ORDER
14 OF WITHDRAWAL, OR SIMILAR DEPOSIT ACCOUNT FOR WHICH THE ORIGINAL
15 CHECKS DRAWN ON THE ACCOUNT ARE NOT RETURNED TO THE CUSTOMER ON A
16 REGULAR BASIS.

17 [(c)] (B) (1) [When a customer elects not to receive canceled checks on a
18 regular basis, the banking institution shall, upon the customer's request,] ON
19 WRITTEN REQUEST OF A CUSTOMER WITH A TRUNCATED ACCOUNT, A BANKING
20 INSTITUTION SHALL return any check [or check facsimile] the customer requires for
21 tax audits or litigation, at no cost to the customer.

22 (2) In all other instances, ON WRITTEN REQUEST OF A CUSTOMER
23 WITH A TRUNCATED ACCOUNT, the banking institution[, at the customer's request,]
24 shall [provide] RETURN a [minimum] MAXIMUM of 2 checks [or check facsimiles]
25 per month, at no cost to the customer.

26 (3) A BANKING INSTITUTION REQUIRED TO RETURN A CHECK TO A
27 CUSTOMER UNDER THIS SUBSECTION MAY RETURN A CHECK FACSIMILE INSTEAD
28 OF THE ORIGINAL CHECK.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 June 1, 2003.