
By: **Senator Kelley**

Introduced and read first time: February 3, 2006

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions - Certificates of Deposit - Claims for Payment**

3 FOR the purpose of establishing a certain limitations period on actions to enforce an
4 obligation of a depository institution to pay certain certificates of deposit;
5 altering the limitations period on actions to enforce an obligation of a depository
6 institution to pay negotiable certificates of deposit; defining certain terms;
7 providing for the application of this Act; and generally relating to periods of
8 limitations on actions to enforce an obligation to pay a certificate of deposit.

9 BY repealing and reenacting, with amendments,
10 Article - Commercial Law
11 Section 3-118(e)
12 Annotated Code of Maryland
13 (2002 Replacement Volume and 2005 Supplement)

14 BY adding to
15 Article - Financial Institutions
16 Section 1-210
17 Annotated Code of Maryland
18 (2003 Replacement Volume and 2005 Supplement)

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

21 **Article - Commercial Law**

22 3-118.

23 (e) [An] SUBJECT TO § 1-210 OF THE FINANCIAL INSTITUTIONS ARTICLE, AN
24 action to enforce the obligation of a party to a certificate of deposit to pay the
25 instrument must be commenced within 6 years after demand for payment is made to
26 the maker, but if the instrument states a due date and the maker is not required to
27 pay before that date, the 6-year period begins when a demand for payment is in effect
28 and the due date has passed.

1

Article - Financial Institutions

2 1-210.

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

5 (2) "ACCOUNT AGREEMENT" MEANS ONE OR MORE WRITTEN
6 INSTRUMENTS THAT ESTABLISH WHEN A CERTIFICATE OF DEPOSIT IS PAYABLE.

7 (3) "CERTIFICATE OF DEPOSIT" MEANS A DEPOSIT OR SHARE ACCOUNT
8 AT A DEPOSITORY INSTITUTION THAT:

9 (I) IS PAYABLE BY THE DEPOSITORY INSTITUTION AT THE
10 EXPIRATION OF A SPECIFIED TIME; AND

11 (II) MAY BE TRANSFERABLE OR NONTRANSFERABLE, NEGOTIABLE
12 OR NONNEGOTIABLE, AND RENEWABLE OR NONRENEWABLE.

13 (4) "DEPOSITORY INSTITUTION" MEANS A STATE-CHARTERED OR
14 FEDERALLY CHARTERED FINANCIAL INSTITUTION LOCATED IN THE STATE THAT IS
15 AUTHORIZED TO MAINTAIN CERTIFICATES OF DEPOSIT.

16 (5) "MATURITY DATE" MEANS THE TIME SPECIFIED IN AN ACCOUNT
17 AGREEMENT WHEN A CERTIFICATE OF DEPOSIT IS FIRST PAYABLE, WITHOUT
18 TAKING INTO ACCOUNT ANY AGREEMENT REGARDING RENEWALS.

19 (B) SUBJECT TO SUBSECTION (C) OF THIS SECTION, AN ACTION TO ENFORCE
20 THE OBLIGATION OF A DEPOSITORY INSTITUTION TO PAY ALL OR PART OF THE
21 BALANCE OF A CERTIFICATE OF DEPOSIT MUST BE COMMENCED BY THE EARLIER
22 OF:

23 (1) THE TIME THAT AN ACTION TO ENFORCE AN OBLIGATION UNDER §
24 3-118(E) OF THE COMMERCIAL LAW ARTICLE MUST BE COMMENCED, IF THE
25 CERTIFICATE OF DEPOSIT IS SUBJECT TO THAT SECTION; OR

26 (2) 6 YEARS AFTER THE LATER OF:

27 (I) THE MATURITY DATE OF THE CERTIFICATE OF DEPOSIT;

28 (II) THE DUE DATE OF THE CERTIFICATE OF DEPOSIT INDICATED
29 IN THE DEPOSITORY INSTITUTION'S LAST WRITTEN NOTICE OF RENEWAL OF THE
30 CERTIFICATE OF DEPOSIT, IF ANY;

31 (III) THE DATE OF THE LAST WRITTEN COMMUNICATION FROM THE
32 DEPOSITORY INSTITUTION RECOGNIZING THE DEPOSITORY INSTITUTION'S
33 OBLIGATION TO PAY THE CERTIFICATE OF DEPOSIT; OR

34 (IV) THE LAST DAY OF THE TAXABLE YEAR FOR WHICH A PERSON
35 IDENTIFIED IN THE CERTIFICATE OF DEPOSIT LAST REPORTED INTEREST INCOME

1 EARNED ON THE CERTIFICATE OF DEPOSIT ON A FEDERAL OR STATE INCOME TAX
2 RETURN.

3 (C) NOTWITHSTANDING SUBSECTION (B) OF THIS SECTION, AN ACTION TO
4 ENFORCE THE OBLIGATION OF A DEPOSITORY INSTITUTION TO PAY ALL OR PART OF
5 THE BALANCE OF AN AUTOMATICALLY RENEWING CERTIFICATE OF DEPOSIT IN
6 EXISTENCE ON JUNE 1, 2006, MUST BE COMMENCED BY THE LATER OF:

7 (1) 6 YEARS AFTER THE LATER OF THE EVENTS DESCRIBED IN
8 SUBSECTION (B)(2)(I) THROUGH (IV) OF THIS SECTION; OR

9 (2) 1 YEAR AFTER JUNE 1, 2006.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
11 certificates of deposit subject to this Act that are in existence on or after June 1, 2006.

12 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 June 1, 2006.