

HB0363/937278/1

BY: Finance Committee

AMENDMENTS TO HOUSE BILL 363
(Third Reading File Bill)

AMENDMENT NO. 1

On page 2, in line 17, after “effect;” insert “providing for the effective dates of this Act;”; and in line 28, strike the comma.

On page 3, after line 15, insert:

“BY repealing and reenacting, with amendments,
Article – Financial Institutions
Section 11–508.1
Annotated Code of Maryland
(2003 Replacement Volume and 2007 Supplement)
(As enacted by Section 2 of this Act)”.

AMENDMENT NO. 2

On page 21, in line 15, after “**PROPERTY;**” insert “**AND**”; in lines 18 and 19, strike “**BUT NOT MORE THAN \$10,000,000**”; and strike beginning with “**; AND**” in line 19 down through “**PROPERTY**” in line 23.

On page 22, in line 15, strike “**50%**” and substitute “**75%**”.

AMENDMENT NO. 3

On page 27, after line 15, insert:

“SECTION 7. AND BE IT FURTHER ENACTED, That:

Article – Financial Institutions

(Over)

11-508.1.

(a) An applicant for a new license or for the renewal of a license shall satisfy the Commissioner that the applicant or licensee has, and at all times will maintain, a minimum net worth computed according to generally accepted accounting principles:

(1) In the case of an applicant or licensee that does not lend money secured by residential real property, in the amount of \$25,000; and

(2) In the case of an applicant or licensee that lends money secured by residential real property, in the amount of:

(i) \$25,000, if the applicant or licensee, in the 12 months prior to the license application or the renewal application, lent in the aggregate not more than \$1,000,000 secured by residential real property;

(ii) \$50,000, if the applicant or licensee, in the 12 months prior to the license application or the renewal application, lent in the aggregate more than \$1,000,000, but not more than \$5,000,000 secured by residential real property; [and]

(iii) \$100,000, if the applicant or licensee, in the 12 months prior to the license application or the renewal application, lent in the aggregate more than \$5,000,000, BUT NOT MORE THAN \$10,000,000 secured by residential real property; AND

(IV) \$250,000, IF THE APPLICANT OR LICENSEE, IN THE 12 MONTHS PRIOR TO THE LICENSE APPLICATION OR THE RENEWAL APPLICATION, LENT IN THE AGGREGATE MORE THAN \$10,000,000 SECURED BY RESIDENTIAL REAL PROPERTY.

(b) (1) Subject to paragraphs (2) and (3) of this subsection, the minimum net worth requirements under subsection (a)(2) of this section may be satisfied by the applicant or licensee having:

- (i) Cash on deposit with a bank or depository institution;
- (ii) A line of credit from a bank or depository institution;
- (iii) Other assets; or
- (iv) A combination of cash, a line of credit, or other assets.

(2) If cash is used toward satisfying the minimum net worth requirements under subsection (a)(2) of this section, the applicant or licensee shall submit to the Commissioner a bank letter verifying:

- (i) The account balance;
- (ii) The type of account in which the funds are held; and
- (iii) That the funds are not encumbered or hypothecated in any way.

(3) (i) If a line of credit is used toward satisfying the minimum net worth requirements under subsection (a)(2) of this section, the applicant or licensee shall submit to the Commissioner a copy of the line of credit agreement and the promissory note.

(ii) A line of credit may not be used toward satisfying more than 75% of the minimum net worth requirements under subsection (a)(2) of this section.

SECTION 8. AND BE IT FURTHER ENACTED, That Section 7 of this Act shall take effect January 1, 2009.”;

in line 16, strike “7.” and substitute “9.”; and in the same line, after “That” insert “, except as provided in Section 8 of this Act,”.