

# HOUSE BILL 1467

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By: **Delegates Carter, Vallario, Anderson, and Conaway**

Introduced and read first time: February 15, 2008

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Uniform Prudent Management of Institutional Funds Act**

3 FOR the purpose of repealing certain provisions of law relating to the management of  
4 institutional funds; establishing the Maryland Uniform Prudent Management of  
5 Institutional Funds Act; establishing a standard of conduct in managing and  
6 investing a certain institutional fund; authorizing a certain institution to  
7 appropriate for expenditure or accumulate so much of a certain endowment  
8 fund as the institution determines is prudent for certain purposes; requiring the  
9 institution to consider certain factors in making a certain determination;  
10 providing certain rules of construction; providing for a certain rebuttable  
11 presumption of imprudence; providing for the delegation of certain management  
12 and investment functions; establishing how certain restrictions on  
13 management, investment, or purpose of an institutional fund may be released  
14 or modified; requiring that compliance with this Act be determined in a certain  
15 manner; providing for the application of this Act; establishing that this Act  
16 modifies, limits, and supersedes certain provisions of federal law; defining  
17 certain terms; and generally relating to the management of institutional funds.

18 BY repealing

19 Article – Estates and Trusts

20 Section 15–401 through 15–409

21 Annotated Code of Maryland

22 (2001 Replacement Volume and 2007 Supplement)

23 BY adding to

24 Article – Estates and Trusts

25 Section 15–401 through 15–410 to be under the amended subtitle “Subtitle 4.

26 Maryland Uniform Prudent Management of Institutional Funds Act”

27 Annotated Code of Maryland

28 (2001 Replacement Volume and 2007 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Estates and Trusts**

4 Subtitle 4. Maryland Uniform **PRUDENT** Management of Institutional Funds Act.

5 [15–401.

6 (a) In this subtitle the following words or phrases have the meanings  
7 indicated.

8 (b) “Endowment fund” means an institutional fund, or any part of it not  
9 wholly expendable by the institution on a current basis under the terms of the  
10 applicable gift instrument.

11 (c) “Gift instrument” means a will, deed, grant, conveyance, agreement,  
12 memorandum, writing, or other governing document, including the terms of any  
13 institutional solicitations from which an institutional fund results, under which  
14 property is transferred to or held by an institution as an institutional fund.

15 (d) “Governing board” means the body responsible for the management of an  
16 institution or of an institutional fund.

17 (e) “Historic dollar value” means the aggregate fair value in dollars of (1) an  
18 endowment fund at the time it became an endowment fund, (2) each subsequent  
19 donation to the fund at the time it is made, and (3) each accumulation made pursuant  
20 to a direction in the applicable gift instrument at the time the accumulation is added  
21 to the fund. The determination of historic dollar value made in good faith by the  
22 institution is conclusive.

23 (f) “Institutional” means an incorporated or unincorporated organization  
24 organized and operated exclusively for educational, religious, charitable, or other  
25 eleemosynary purposes, or a governmental organization to the extent that it holds  
26 funds exclusively for any of these purposes.

27 (g) “Institutional fund” means a fund held by an institution for its exclusive  
28 use, benefit, or purposes but does not include (1) a fund held for an institution by a  
29 trustee that is not an institution or (2) a fund in which a beneficiary that is not an  
30 institution has an interest, other than possible rights that could arise upon violation  
31 or failure of the purposes of the fund.]

32 [15–402.

33 The governing board may appropriate for expenditure for the uses and purposes  
34 for which an endowment fund is established so much of the net appreciation, realized  
35 and unrealized, in the fair value of the assets of an endowment fund over the historic

1 dollar value of the fund as is prudent under the standard established by § 15–406.  
2 This section does not limit the authority of the governing board to expend funds as  
3 permitted under other law, the terms of the applicable gift instrument, or the charter  
4 of the institution.]

5 [15–403.

6 Section 15–402 does not apply if the applicable gift instrument indicates the  
7 intention of the donor that net appreciation shall not be expended. A restriction upon  
8 the expenditure of net appreciation may not be implied from a designation of a gift as  
9 an endowment, or from a direction or authorization in the applicable gift instrument  
10 to use only “income”, “interest”, “dividends”, or “rents, issues or profits”, or “to preserve  
11 the principal intact”, or a direction which contains other words of similar import. This  
12 rule of construction applies to gift instruments executed or in effect before or after the  
13 effective date of this act.]

14 [15–404.

15 In an addition to an investment otherwise authorized by law or by the  
16 applicable gift instrument, and without restriction to investments a fiduciary may  
17 make, the governing board, subject to any specific limitations set forth in the  
18 applicable gift instrument or in the applicable law other than law relating to  
19 investments by a fiduciary, may:

20 (1) Invest and reinvest an institutional fund in any real or personal  
21 property deemed advisable by the governing board, whether or not it produces a  
22 current return, including mortgages, stocks, bonds, debentures, and other securities of  
23 profit or nonprofit corporations, shares in or obligations of associations, partnerships,  
24 or individuals, and obligations of any government or subdivision or instrumentality  
25 thereof;

26 (2) Retain property contributed by a donor to an institutional fund for  
27 as long as the governing board deems advisable;

28 (3) Include all or any part of an institutional fund in any pooled or  
29 common fund maintained by the institution; and

30 (4) Invest all or any part of an institutional fund in any other pooled  
31 or common fund available for investment, including shares or interests in regulated  
32 investment companies, mutual funds, common trust funds, investment partnerships,  
33 real estate investment trust, or similar organizations in which funds are commingled  
34 and investment determinations are made by persons other than the governing board.]

35 [15–405.

36 Except as otherwise provided by the applicable gift instrument or by applicable  
37 law relating to governmental institutions or funds, the governing board may (1)

1 delegate to its committees, officers, or employees of the institution or the fund, or  
2 agents, including investment counsel, the authority to act in place of the board in  
3 investment and reinvestment of institutional funds, (2) contract with independent  
4 investment advisors, investment counsel or managers, banks, or trust companies, so to  
5 act, and (3) authorize the payment of compensation for investment advisory or  
6 management services.]

7 [15-406.

8 In the administration of the powers to appropriate appreciation, to make and  
9 retain investments, and to delegate investment management of institutional funds,  
10 members of a governing board shall exercise ordinary business care and prudence  
11 under the facts and circumstances prevailing at the time of the action or decision. In  
12 so doing they shall consider long and short term needs of the institution in carrying  
13 out its educational, religious, charitable, or other eleemosynary purposes, its present  
14 and anticipated financial requirements, expected total return on its investments, price  
15 level trends, and general economic conditions.]

16 [15-407.

17 (a) With the written consent of the donor, the governing board may release,  
18 in whole or in part, a restriction imposed by the applicable gift instrument on the use  
19 or investment of an institutional fund.

20 (b) If written consent of the donor cannot be obtained by reason of his death,  
21 disability, unavailability, or impossibility of identification, the governing board may  
22 apply in the name of the institution to the circuit court for the county where the office  
23 of the governing board is located, for release of a restriction imposed by the applicable  
24 gift instrument on the use or investment of an institutional fund. The Attorney  
25 General shall be notified of the application and given an opportunity to be heard. If  
26 the court finds that the restriction is obsolete, inappropriate, or impracticable, it may  
27 by order release the restriction in whole or in part. A release under this subsection  
28 may not change an endowment fund to a fund that is not an endowment fund.

29 (c) A release under this section may not allow a fund to be used for purposes  
30 other than the educational, religious, charitable, or other eleemosynary purposes of  
31 the institution affected.

32 (d) This section does not limit the application of the doctrine of cy pres.]

33 [15-408.

34 This subtitle shall be so applied and construed as to effectuate its general  
35 purpose to make uniform the law with respect to the subject of this subtitle among  
36 those states which enact it.]

37 [15-409.

1 This subtitle may be cited as the “Maryland Uniform Management of  
2 Institutional Funds Act”.]

3 **15-401.**

4 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
5 INDICATED.

6 (B) “CHARITABLE PURPOSE” MEANS THE RELIEF OF POVERTY, THE  
7 ADVANCEMENT OF EDUCATION OR RELIGION, THE PROMOTION OF HEALTH, THE  
8 PROMOTION OF A GOVERNMENTAL PURPOSE, OR ANY OTHER PURPOSE THE  
9 ACHIEVEMENT OF WHICH IS BENEFICIAL TO THE COMMUNITY.

10 (C) (1) “ENDOWMENT FUND” MEANS AN INSTITUTIONAL FUND OR  
11 PART OF AN INSTITUTIONAL FUND THAT, UNDER THE TERMS OF A GIFT  
12 INSTRUMENT, IS NOT WHOLLY EXPENDABLE BY THE INSTITUTION ON A  
13 CURRENT BASIS.

14 (2) “ENDOWMENT FUND” DOES NOT INCLUDE ASSETS THAT AN  
15 INSTITUTION DESIGNATES AS AN ENDOWMENT FUND FOR THE USE OF THE  
16 INSTITUTION.

17 (D) “GIFT INSTRUMENT” MEANS A RECORD, INCLUDING AN  
18 INSTITUTIONAL SOLICITATION, UNDER WHICH PROPERTY IS GRANTED TO,  
19 TRANSFERRED TO, OR HELD BY AN INSTITUTION AS AN INSTITUTIONAL FUND.

20 (E) “INSTITUTION” MEANS:

21 (1) A PERSON, OTHER THAN AN INDIVIDUAL, ORGANIZED AND  
22 OPERATED EXCLUSIVELY FOR CHARITABLE PURPOSES;

23 (2) A GOVERNMENT OR GOVERNMENTAL SUBDIVISION, AGENCY,  
24 OR INSTRUMENTALITY, TO THE EXTENT THAT THE SUBDIVISION, AGENCY, OR  
25 INSTRUMENTALITY HOLDS FUNDS EXCLUSIVELY FOR A CHARITABLE PURPOSE;  
26 OR

27 (3) A TRUST THAT HAD BOTH CHARITABLE AND NONCHARITABLE  
28 INTERESTS, AFTER ALL NONCHARITABLE INTERESTS HAVE TERMINATED.

29 (F) (1) “INSTITUTIONAL FUND” MEANS A FUND HELD BY AN  
30 INSTITUTION EXCLUSIVELY FOR CHARITABLE PURPOSES.

31 (2) “INSTITUTIONAL FUND” DOES NOT INCLUDE:

1                   (I)    **PROGRAM-RELATED ASSETS;**

2                   (II)   **A FUND HELD FOR AN INSTITUTION BY A TRUSTEE THAT**  
3 **IS NOT AN INSTITUTION; OR**

4                   (III) **A FUND IN WHICH A BENEFICIARY THAT IS NOT AN**  
5 **INSTITUTION HAS AN INTEREST, OTHER THAN AN INTEREST THAT COULD ARISE**  
6 **ON VIOLATION OR FAILURE OF THE PURPOSES OF THE FUND.**

7           (G)    **“PROGRAM-RELATED ASSET” MEANS AN ASSET HELD BY AN**  
8 **INSTITUTION PRIMARILY TO ACCOMPLISH A CHARITABLE PURPOSE OF THE**  
9 **INSTITUTION AND NOT PRIMARILY FOR INVESTMENT.**

10           (H)   **“RECORD” MEANS INFORMATION THAT IS INSCRIBED ON A**  
11 **TANGIBLE MEDIUM OR THAT IS STORED IN AN ELECTRONIC OR OTHER MEDIUM**  
12 **AND IS RETRIEVABLE IN PERCEIVABLE FORM.**

13   **15-402.**

14           (A)   **SUBJECT TO THE INTENT OF A DONOR EXPRESSED IN A GIFT**  
15 **INSTRUMENT, AN INSTITUTION, IN MANAGING AND INVESTING AN**  
16 **INSTITUTIONAL FUND, SHALL CONSIDER THE CHARITABLE PURPOSES OF THE**  
17 **INSTITUTION AND THE PURPOSES OF THE INSTITUTIONAL FUND.**

18           (B)   **IN ADDITION TO COMPLYING WITH THE DUTY OF LOYALTY IMPOSED**  
19 **BY LAW OTHER THAN THIS SUBTITLE, EACH PERSON RESPONSIBLE FOR**  
20 **MANAGING AND INVESTING AN INSTITUTIONAL FUND SHALL MANAGE AND**  
21 **INVEST THE FUND IN GOOD FAITH AND WITH THE CARE AN ORDINARILY**  
22 **PRUDENT PERSON IN A LIKE POSITION WOULD EXERCISE UNDER SIMILAR**  
23 **CIRCUMSTANCES.**

24           (C)   **IN MANAGING AND INVESTING AN INSTITUTIONAL FUND, AN**  
25 **INSTITUTION:**

26                   (1)   **MAY INCUR ONLY COSTS THAT ARE APPROPRIATE AND**  
27 **REASONABLE IN RELATION TO THE ASSETS, THE PURPOSES OF THE**  
28 **INSTITUTION, AND THE SKILLS AVAILABLE TO THE INSTITUTION; AND**

29                   (2)   **SHALL MAKE A REASONABLE EFFORT TO VERIFY FACTS**  
30 **RELEVANT TO THE MANAGEMENT AND INVESTMENT OF THE FUND.**

31           (D)   **AN INSTITUTION MAY POOL TWO OR MORE INSTITUTIONAL FUNDS**  
32 **FOR PURPOSES OF MANAGEMENT AND INVESTMENT.**

1           **(E) (1) THE PROVISIONS OF THIS SUBSECTION APPLY EXCEPT AS**  
2 **OTHERWISE PROVIDED BY A GIFT INSTRUMENT.**

3           **(2) IN MANAGING AND INVESTING AN INSTITUTIONAL FUND, THE**  
4 **FOLLOWING FACTORS, IF RELEVANT, SHALL BE CONSIDERED:**

5                   **(I) GENERAL ECONOMIC CONDITIONS;**

6                   **(II) THE POSSIBLE EFFECT OF INFLATION OR DEFLATION;**

7                   **(III) THE EXPECTED TAX CONSEQUENCES, IF ANY, OF**  
8 **INVESTMENT DECISIONS OR STRATEGIES;**

9                   **(IV) THE ROLE THAT EACH INVESTMENT OR COURSE OF**  
10 **ACTION PLAYS WITHIN THE OVERALL INVESTMENT PORTFOLIO OF THE FUND;**

11                   **(V) THE EXPECTED TOTAL RETURN FROM INCOME AND THE**  
12 **APPRECIATION OF INVESTMENTS;**

13                   **(VI) OTHER RESOURCES OF THE INSTITUTION;**

14                   **(VII) THE NEEDS OF THE INSTITUTION AND THE FUND TO**  
15 **MAKE DISTRIBUTIONS AND TO PRESERVE CAPITAL; AND**

16                   **(VIII) THE SPECIAL RELATIONSHIP OR SPECIAL VALUE OF**  
17 **THE ASSET, IF ANY, TO THE CHARITABLE PURPOSES OF THE INSTITUTION.**

18           **(3) MANAGEMENT AND INVESTMENT DECISIONS ABOUT AN**  
19 **INDIVIDUAL ASSET SHALL BE MADE NOT IN ISOLATION BUT IN THE CONTEXT OF**  
20 **THE PORTFOLIO OF INVESTMENTS OF THE INSTITUTIONAL FUND AS A WHOLE**  
21 **AND AS A PART OF AN OVERALL INVESTMENT STRATEGY HAVING RISK AND**  
22 **RETURN OBJECTIVES REASONABLY SUITED TO THE FUND AND TO THE**  
23 **INSTITUTION.**

24           **(4) EXCEPT AS OTHERWISE PROVIDED BY LAW OTHER THAN THIS**  
25 **SUBTITLE, AN INSTITUTION MAY INVEST IN ANY KIND OF PROPERTY OR TYPE OF**  
26 **INVESTMENT CONSISTENT WITH THIS SECTION.**

27           **(5) AN INSTITUTION SHALL DIVERSIFY THE INVESTMENTS OF AN**  
28 **INSTITUTIONAL FUND UNLESS THE INSTITUTION REASONABLY DETERMINES**  
29 **THAT, BECAUSE OF SPECIAL CIRCUMSTANCES, THE PURPOSES OF THE FUND**  
30 **ARE BETTER SERVED WITHOUT DIVERSIFICATION.**

1           **(6) WITHIN A REASONABLE TIME AFTER RECEIVING PROPERTY,**  
2 **AN INSTITUTION SHALL MAKE AND CARRY OUT DECISIONS CONCERNING THE**  
3 **RETENTION OR DISPOSITION OF THE PROPERTY OR TO REBALANCE A**  
4 **PORTFOLIO, IN ORDER TO BRING THE INSTITUTIONAL FUND INTO COMPLIANCE**  
5 **WITH THE PURPOSES, TERMS, AND DISTRIBUTION REQUIREMENTS OF THE**  
6 **INSTITUTION AS NECESSARY TO MEET OTHER CIRCUMSTANCES OF THE**  
7 **INSTITUTION AND THE REQUIREMENTS OF THIS SUBTITLE.**

8           **(7) A PERSON THAT HAS SPECIAL SKILLS OR EXPERTISE, OR IS**  
9 **SELECTED IN RELIANCE ON THE REPRESENTATION BY THE PERSON THAT THE**  
10 **PERSON HAS SPECIAL SKILLS OR EXPERTISE, HAS A DUTY TO USE THOSE SKILLS**  
11 **OR THAT EXPERTISE IN MANAGING AND INVESTING INSTITUTIONAL FUNDS.**

12 **15-403.**

13           **(A) (1) SUBJECT TO THE INTENT OF A DONOR EXPRESSED IN THE**  
14 **GIFT INSTRUMENT AND SUBJECT TO SUBSECTION (D) OF THIS SECTION, AN**  
15 **INSTITUTION MAY APPROPRIATE FOR EXPENDITURE OR ACCUMULATE SO MUCH**  
16 **OF AN ENDOWMENT FUND AS THE INSTITUTION DETERMINES IS PRUDENT FOR**  
17 **THE USES, BENEFITS, PURPOSES, AND DURATION FOR WHICH THE ENDOWMENT**  
18 **FUND IS ESTABLISHED.**

19           **(2) UNLESS STATED OTHERWISE IN THE GIFT INSTRUMENT, THE**  
20 **ASSETS IN AN ENDOWMENT FUND ARE DONOR-RESTRICTED ASSETS UNTIL**  
21 **APPROPRIATED FOR EXPENDITURE BY THE INSTITUTION.**

22           **(3) IN MAKING A DETERMINATION TO APPROPRIATE FOR**  
23 **EXPENDITURE OR ACCUMULATE UNDER PARAGRAPH (1) OF THIS SUBSECTION,**  
24 **THE INSTITUTION SHALL ACT IN GOOD FAITH, WITH THE CARE THAT AN**  
25 **ORDINARILY PRUDENT PERSON IN A LIKE POSITION WOULD EXERCISE UNDER**  
26 **SIMILAR CIRCUMSTANCES, AND SHALL CONSIDER, IF RELEVANT, THE**  
27 **FOLLOWING FACTORS:**

28                   **(I) THE DURATION AND PRESERVATION OF THE**  
29 **ENDOWMENT FUND;**

30                   **(II) THE PURPOSES OF THE INSTITUTION AND THE**  
31 **ENDOWMENT FUND;**

32                   **(III) GENERAL ECONOMIC CONDITIONS;**

33                   **(IV) THE POSSIBLE EFFECT OF INFLATION OR DEFLATION;**

1                   (v) THE EXPECTED TOTAL RETURN FROM INCOME AND THE  
2 APPRECIATION OF INVESTMENTS;

3                   (vi) OTHER RESOURCES OF THE INSTITUTION; AND

4                   (vii) THE INVESTMENT POLICY OF THE INSTITUTION.

5           (b) TO LIMIT THE AUTHORITY TO APPROPRIATE FOR EXPENDITURE OR  
6 ACCUMULATE UNDER SUBSECTION (A) OF THIS SECTION, A GIFT INSTRUMENT  
7 MUST SPECIFICALLY STATE THE LIMITATION.

8           (c) TERMS IN A GIFT INSTRUMENT DESIGNATING A GIFT AS AN  
9 ENDOWMENT, OR A DIRECTION OR AUTHORIZATION IN THE GIFT INSTRUMENT  
10 TO USE ONLY "INCOME", "INTEREST", "DIVIDENDS", OR "RENTS, ISSUES, OR  
11 PROFITS", OR "TO PRESERVE THE PRINCIPAL INTACT", OR WORDS OF SIMILAR  
12 IMPORT:

13                   (1) CREATE AN ENDOWMENT FUND OF PERMANENT DURATION  
14 UNLESS OTHER LANGUAGE IN THE GIFT INSTRUMENT LIMITS THE DURATION OR  
15 PURPOSE OF THE FUND; AND

16                   (2) DO NOT OTHERWISE LIMIT THE AUTHORITY TO APPROPRIATE  
17 FOR EXPENDITURE OR ACCUMULATE UNDER SUBSECTION (A) OF THIS SECTION.

18           (d) (1) THIS SUBSECTION DOES NOT:

19                   (i) APPLY TO AN APPROPRIATION FOR EXPENDITURE  
20 PERMITTED UNDER LAW OTHER THAN THIS SUBTITLE OR BY THE GIFT  
21 INSTRUMENT; OR

22                   (ii) CREATE A PRESUMPTION OF PRUDENCE FOR AN  
23 APPROPRIATION FOR EXPENDITURE OF AN AMOUNT LESS THAN OR EQUAL TO  
24 7% OF THE FAIR MARKET VALUE OF THE ENDOWMENT FUND.

25                   (2) THE APPROPRIATION FOR EXPENDITURE IN ANY YEAR OF AN  
26 AMOUNT GREATER THAN 7% OF THE FAIR MARKET VALUE OF AN ENDOWMENT  
27 FUND, CALCULATED ON THE BASIS OF MARKET VALUES DETERMINED AT LEAST  
28 QUARTERLY AND AVERAGED OVER A PERIOD OF NOT LESS THAN 3 YEARS  
29 IMMEDIATELY PRECEDING THE YEAR IN WHICH THE APPROPRIATION FOR  
30 EXPENDITURE IS MADE, CREATES A REBUTTABLE PRESUMPTION OF  
31 IMPRUDENCE.

32                   (3) FOR AN ENDOWMENT FUND IN EXISTENCE FOR FEWER THAN 3  
33 YEARS, THE FAIR MARKET VALUE OF THE ENDOWMENT FUND MUST BE

1 CALCULATED FOR THE PERIOD THE ENDOWMENT FUND HAS BEEN IN  
2 EXISTENCE.

3 **15-404.**

4 (A) (1) SUBJECT TO ANY SPECIFIC LIMITATION SET FORTH IN A GIFT  
5 INSTRUMENT OR IN LAW OTHER THAN THIS SUBTITLE, AN INSTITUTION MAY  
6 DELEGATE TO AN EXTERNAL AGENT THE MANAGEMENT AND INVESTMENT OF AN  
7 INSTITUTIONAL FUND TO THE EXTENT THAT AN INSTITUTION COULD  
8 PRUDENTLY DELEGATE UNDER THE CIRCUMSTANCES.

9 (2) AN INSTITUTION SHALL ACT IN GOOD FAITH, WITH THE CARE  
10 THAT AN ORDINARILY PRUDENT PERSON IN A LIKE POSITION WOULD EXERCISE  
11 UNDER SIMILAR CIRCUMSTANCES, IN:

12 (I) SELECTING AN AGENT;

13 (II) ESTABLISHING THE SCOPE AND TERMS OF THE  
14 DELEGATION, CONSISTENT WITH THE PURPOSES OF THE INSTITUTION AND THE  
15 INSTITUTIONAL FUND; AND

16 (III) PERIODICALLY REVIEWING THE ACTIONS OF THE  
17 AGENT IN ORDER TO MONITOR THE PERFORMANCE AND COMPLIANCE OF THE  
18 AGENT WITH THE SCOPE AND TERMS OF THE DELEGATION.

19 (B) IN PERFORMING A DELEGATED FUNCTION, AN AGENT OWES A DUTY  
20 TO THE INSTITUTION TO EXERCISE REASONABLE CARE TO COMPLY WITH THE  
21 SCOPE AND TERMS OF THE DELEGATION.

22 (C) AN INSTITUTION THAT COMPLIES WITH SUBSECTION (A) OF THIS  
23 SECTION IS NOT LIABLE FOR THE DECISIONS OR ACTIONS OF AN AGENT TO  
24 WHICH THE FUNCTION WAS DELEGATED.

25 (D) BY ACCEPTING DELEGATION OF A MANAGEMENT OR INVESTMENT  
26 FUNCTION FROM AN INSTITUTION THAT IS SUBJECT TO THE LAWS OF THE  
27 STATE, AN AGENT SUBMITS TO THE JURISDICTION OF THE COURTS OF THE  
28 STATE IN ALL PROCEEDINGS ARISING FROM OR RELATED TO THE DELEGATION  
29 OR THE PERFORMANCE OF THE DELEGATED FUNCTION.

30 (E) AN INSTITUTION MAY DELEGATE MANAGEMENT AND INVESTMENT  
31 FUNCTIONS TO THE COMMITTEES, OFFICERS, OR EMPLOYEES OF THE  
32 INSTITUTION AS AUTHORIZED BY LAW OTHER THAN THIS SUBTITLE.

33 **14-405.**

1           (A) (1) IF THE DONOR CONSENTS IN A RECORD, AN INSTITUTION MAY  
2 RELEASE OR MODIFY, IN WHOLE OR IN PART, A RESTRICTION CONTAINED IN A  
3 GIFT INSTRUMENT ON THE MANAGEMENT, INVESTMENT, OR PURPOSE OF AN  
4 INSTITUTIONAL FUND.

5           (2) A RELEASE OR MODIFICATION MAY NOT ALLOW A FUND TO BE  
6 USED FOR A PURPOSE OTHER THAN A CHARITABLE PURPOSE OF THE  
7 INSTITUTION.

8           (B) (1) THE COURT, ON APPLICATION OF AN INSTITUTION, MAY  
9 MODIFY A RESTRICTION CONTAINED IN A GIFT INSTRUMENT REGARDING THE  
10 MANAGEMENT OR INVESTMENT OF AN INSTITUTIONAL FUND IF THE  
11 RESTRICTION HAS BECOME IMPRACTICABLE OR WASTEFUL, IF THE  
12 RESTRICTION IMPAIRS THE MANAGEMENT OR INVESTMENT OF THE FUND, OR IF,  
13 BECAUSE OF CIRCUMSTANCES NOT ANTICIPATED BY THE DONOR, A  
14 MODIFICATION OF A RESTRICTION WILL FURTHER THE PURPOSES OF THE  
15 FUND.

16           (2) (I) THE INSTITUTION SHALL NOTIFY THE ATTORNEY  
17 GENERAL OF THE APPLICATION OF AN INSTITUTION UNDER PARAGRAPH (1) OF  
18 THIS SUBSECTION, AND THE ATTORNEY GENERAL SHALL BE GIVEN AN  
19 OPPORTUNITY TO BE HEARD.

20           (II) TO THE EXTENT PRACTICABLE, ANY MODIFICATION  
21 MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION MUST BE MADE IN  
22 ACCORDANCE WITH THE DONOR'S PROBABLE INTENTION.

23           (C) (1) IF A PARTICULAR CHARITABLE PURPOSE OR A RESTRICTION  
24 CONTAINED IN A GIFT INSTRUMENT ON THE USE OF AN INSTITUTIONAL FUND  
25 BECOMES UNLAWFUL, IMPRACTICABLE, IMPOSSIBLE TO ACHIEVE, OR  
26 WASTEFUL, THE COURT, ON APPLICATION OF AN INSTITUTION, MAY MODIFY THE  
27 PURPOSE OF THE FUND OR THE RESTRICTION ON THE USE OF THE FUND IN A  
28 MANNER CONSISTENT WITH THE CHARITABLE PURPOSES EXPRESSED IN THE  
29 GIFT INSTRUMENT.

30           (2) THE INSTITUTION SHALL NOTIFY THE ATTORNEY GENERAL  
31 OF THE APPLICATION OF THE INSTITUTION UNDER PARAGRAPH (1) OF THIS  
32 SUBSECTION, AND THE ATTORNEY GENERAL SHALL BE GIVEN AN OPPORTUNITY  
33 TO BE HEARD.

34           (D) IF AN INSTITUTION DETERMINES THAT A RESTRICTION CONTAINED  
35 IN A GIFT INSTRUMENT ON THE MANAGEMENT, INVESTMENT, OR PURPOSE OF  
36 AN INSTITUTIONAL FUND IS UNLAWFUL, IMPRACTICABLE, IMPOSSIBLE TO

1 ACHIEVE, OR WASTEFUL, THE INSTITUTION, 60 DAYS AFTER NOTIFICATION TO  
2 THE ATTORNEY GENERAL, MAY RELEASE OR MODIFY THE RESTRICTION, IN  
3 WHOLE OR PART, IF:

4 (1) THE INSTITUTIONAL FUND SUBJECT TO THE RESTRICTION  
5 HAS A TOTAL VALUE OF LESS THAN \$25,000;

6 (2) MORE THAN 20 YEARS HAVE ELAPSED SINCE THE FUND WAS  
7 ESTABLISHED; AND

8 (3) THE INSTITUTION USES THE PROPERTY IN A MANNER  
9 CONSISTENT WITH THE CHARITABLE PURPOSES EXPRESSED IN THE GIFT  
10 INSTRUMENT.

11 **15-406.**

12 COMPLIANCE WITH THIS SUBTITLE SHALL BE DETERMINED IN LIGHT OF  
13 THE FACTS AND CIRCUMSTANCES EXISTING AT THE TIME A DECISION IS MADE  
14 OR ACTION IS TAKEN.

15 **15-407.**

16 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS  
17 SUBTITLE APPLIES TO INSTITUTIONAL FUNDS EXISTING ON OR ESTABLISHED  
18 AFTER OCTOBER 1, 2008.

19 (B) AS APPLIED TO INSTITUTIONAL FUNDS EXISTING ON OCTOBER 1,  
20 2008, THIS SUBTITLE GOVERNS ONLY DECISIONS MADE OR ACTIONS TAKEN ON  
21 OR AFTER THAT DATE.

22 **15-408.**

23 THIS SUBTITLE MODIFIES, LIMITS, AND SUPERSEDES THE ELECTRONIC  
24 SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT, 15 U.S.C. § 7001 ET  
25 SEQ., BUT DOES NOT MODIFY, LIMIT, OR SUPERSEDE § 101 OF THAT ACT, 15  
26 U.S.C. § 7001(A), OR AUTHORIZE ELECTRONIC DELIVERY OF THE NOTICES  
27 DESCRIBED IN § 103 OF THAT ACT, 15 U.S.C. § 7003(B).

28 **15-409.**

29 IN APPLYING AND CONSTRUING THIS SUBTITLE, WHICH IS A UNIFORM  
30 ACT, CONSIDERATION SHALL BE GIVEN TO THE NEED TO PROMOTE UNIFORMITY  
31 OF THE LAW WITH RESPECT TO THE SUBJECT MATTER OF THE LAW AMONG THE  
32 STATES THAT ENACT THE LAW.

1 ~~15-410.~~

2           **THIS SUBTITLE MAY BE CITED AS THE “MARYLAND UNIFORM PRUDENT**  
3 **MANAGEMENT OF INSTITUTIONAL FUNDS ACT”.**

4           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
5 October 1, 2008.