

HOUSE BILL 1136

I1

(0lr0074)

ENROLLED BILL

— *Economic Matters/Finance* —

Introduced by **Chair, Economic Matters Committee (By Request – Departmental – Labor, Licensing and Regulation)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Financial Institutions – Supervision and Reorganization**

3 FOR the purpose of requiring certain trust companies to pledge certain securities or
4 deliver a certain surety bond to the Commissioner of Financial Regulation to
5 defray the costs of a certain receivership; ~~authorizing~~ requiring the
6 Commissioner to determine the amount of the securities or surety bond, subject
7 to ~~a~~ certain maximum amount amounts; authorizing the Commissioner or a
8 certain receiver to reduce the pledged securities or surety bond to cash to pay
9 certain costs under certain circumstances; requiring certain securities pledged
10 by a nondepository trust company to be held at a certain institution or bank;
11 authorizing the Commissioner to specify the types of securities that may be
12 pledged; establishing that certain fees are the responsibility of a nondepository
13 trust company; providing that securities pledged by a nondepository trust
14 company may not be assets relied on by the nondepository trust company for a

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 certain purpose; requiring any income earned on certain securities to be paid to
 2 the nondepository trust company; requiring a certain surety bond to be issued
 3 by a certain bonding company and in a certain form; establishing procedures for
 4 the conversion of a federal mutual savings bank to a Maryland-chartered
 5 savings bank; requiring the Commissioner to charge and collect certain fees for
 6 a conversion of a federal mutual savings bank into a savings bank under certain
 7 provisions of this Act; authorizing the Commissioner to take possession of a
 8 nondepository trust company if the Commissioner determines that ~~a certain~~
 9 ~~emergency exists~~ the nondepository trust company is insolvent; providing that
 10 certain expenses of the Commissioner that are court approved and related to the
 11 Commissioner's possession of a nondepository trust company shall be paid from
 12 the assets of the nondepository trust company and, the proceeds of the sale of
 13 certain ~~bonds securities, or payment on the recovery against~~ a certain surety
 14 bond; providing that certain proceeds of a sale of pledged securities shall be an
 15 asset of a nondepository trust company; authorizing ~~the Commissioner~~ a certain
 16 receiver to appoint certain individuals and retain certain officers and employees
 17 as needed to carry out the receivership of a nondepository trust company, and
 18 requiring that the salaries and certain other expenses of those individuals,
 19 officers, and employees be paid ~~out of the funds~~ from the assets of the ~~trust~~
 20 nondepository trust company, as well as the proceeds of the sale of certain
 21 ~~bonds securities, or payment on the recovery against~~ a certain surety bond;
 22 defining certain terms; and generally relating to the supervision of certain trust
 23 companies and the reorganization of certain savings banks.

24 BY repealing and reenacting, with amendments,
 25 Article – Financial Institutions
 26 Section ~~2-108(a)(4)~~, 3-101, 5-101, and 5-606
 27 Annotated Code of Maryland
 28 (2003 Replacement Volume and 2009 Supplement)

29 BY adding to
 30 Article – Financial Institutions
 31 Section 3-211.1, 4-701.1, 5-602.1, and 5-604.1
 32 Annotated Code of Maryland
 33 (2003 Replacement Volume and 2009 Supplement)

34 BY repealing and reenacting, without amendments,
 35 Article – Financial Institutions
 36 Section 5-601 and 5-602
 37 Annotated Code of Maryland
 38 (2003 Replacement Volume and 2009 Supplement)

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

41 **Article – Financial Institutions**

1 2-108.

2 (a) The Commissioner shall charge and collect, in advance, the following
3 nonrefundable fees:

4 (4) A fee for a conversion of a national banking association, a federal
5 stock savings and loan association, or a federal stock savings bank into a commercial
6 bank under § 3-801 of this article OR A FEDERAL MUTUAL SAVINGS BANK INTO A
7 SAVINGS BANK UNDER § 4-701.1 OF THIS ARTICLE:

8 (i) Filing fee.....\$7,000

9 (ii) Examination fee\$3,000

10 3-101.

11 (a) In this title the following words have the meanings indicated.

12 (b) “Capital stock” includes both common and preferred stock of a
13 commercial bank.

14 (c) “Debt instrument” means any capital note, debenture, bond, or certificate
15 of beneficial interest issued by a commercial bank.

16 (d) “Inhabitants” means the population of a municipal area, as determined
17 by the latest federal or State census.

18 (E) **“NONDEPOSITORY TRUST COMPANY” MEANS A TRUST COMPANY**
19 **THAT IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION.**

20 [(e)] (F) “State bank” means an institution that is incorporated under the
21 laws of this State as a bank.

22 [(f)] (G) “Trust company” means an institution that is incorporated under
23 the laws of this State as a trust company.

24 3-211.1.

25 (A) IN THIS SECTION, “RECEIVERSHIP” MEANS A PROCEEDING IN
26 WHICH:

27 (1) THE COMMISSIONER TAKES POSSESSION OF A
28 NONDEPOSITORY TRUST COMPANY IN ACCORDANCE WITH § 5-601, § 5-602, OR §
29 5-602.1 OF THIS ARTICLE; AND

1 **(2) A RECEIVER IS APPOINTED IN ACCORDANCE WITH § 5-605 OF**
 2 **THIS ARTICLE.**

3 ~~(A) (B) (1) IN ADDITION TO THE MINIMUM CAPITAL REQUIREMENTS OF §~~
 4 ~~3-209 OF THIS SUBTITLE, A~~ **A NONDEPOSITORY TRUST COMPANY SHALL**
 5 **PLEDGE TO THE COMMISSIONER, FOR THE BENEFIT OF THE COMMISSIONER,**
 6 **SECURITIES OR DELIVER A SURETY BOND TO THE COMMISSIONER, FOR THE**
 7 **BENEFIT OF THE COMMISSIONER, TO DEFRAY THE COSTS OF A RECEIVERSHIP**
 8 ~~OF THE NONDEPOSITORY TRUST COMPANY IN THE EVENT IT SHOULD FAIL.~~

9 **(2) THE AMOUNT OF THE SECURITIES OR SURETY BOND SHALL BE**
 10 **DETERMINED BY THE COMMISSIONER IN AN AMOUNT THAT THE COMMISSIONER**
 11 **DEEMS APPROPRIATE TO DEFRAY SUCH COSTS, BUT IN NO EVENT SHALL THE**
 12 **AMOUNT EXCEED \$3,000,000:**

13 **(I) \$1,000,000 FOR A NONDEPOSITORY TRUST COMPANY**
 14 **WITH A COMPOSITE RATING, USING THE UNIFORM INTERAGENCY TRUST**
 15 **RATING SYSTEM, OF 1 OR 2; OR**

16 **(II) \$3,000,000 FOR A NONDEPOSITORY TRUST COMPANY**
 17 **WITH A COMPOSITE RATING, USING THE UNIFORM INTERAGENCY TRUST**
 18 **RATING SYSTEM, OF 3, 4, OR 5.**

19 ~~(B) (C)~~ **IN SUBJECT TO THE PROVISIONS OF TITLE 5, SUBTITLE 6 OF**
 20 **THIS ARTICLE, IN THE EVENT OF A RECEIVERSHIP OF A NONDEPOSITORY TRUST**
 21 ~~COMPANY,~~ **THE COMMISSIONER OR A RECEIVER APPOINTED UNDER § 5-605 OF**
 22 **THIS ARTICLE MAY, WITHOUT REGARD TO ANY PRIORITIES, PREFERENCES, OR**
 23 **ADVERSE CLAIMS, REDUCE THE PLEDGED SECURITIES OR THE SURETY BOND TO**
 24 **CASH AND, AS SOON AS PRACTICABLE, USE THE CASH TO DEFRAY THE COSTS**
 25 **ASSOCIATED WITH THE RECEIVERSHIP.**

26 ~~(C) (D)~~ **(1) IF A NONDEPOSITORY TRUST COMPANY CHOOSES TO**
 27 **PLEDGE SECURITIES TO SATISFY THE REQUIREMENT OF SUBSECTION ~~(A) (B)~~ OF**
 28 **THIS SECTION, THE SECURITIES SHALL BE HELD AT A DEPOSITORY INSTITUTION**
 29 **OR A FEDERAL RESERVE BANK APPROVED BY THE COMMISSIONER.**

30 **(2) THE COMMISSIONER MAY SPECIFY THE TYPES OF SECURITIES**
 31 **THAT MAY BE PLEDGED.**

32 **(3) ANY FEES ASSOCIATED WITH HOLDING ~~SUCH~~ PLEDGED**
 33 **SECURITIES SHALL BE THE RESPONSIBILITY OF THE NONDEPOSITORY TRUST**
 34 **COMPANY.**

1 **(4) SECURITIES PLEDGED BY A NONDEPOSITORY TRUST**
 2 **COMPANY MAY NOT BE ASSETS RELIED ON BY THE NONDEPOSITORY TRUST**
 3 **COMPANY TO MEET THE MINIMUM CAPITAL REQUIREMENTS OF § 3-209 OF THIS**
 4 **SUBTITLE.**

5 **(5) ANY INCOME EARNED ON SECURITIES PLEDGED BY A**
 6 **NONDEPOSITORY TRUST COMPANY:**

7 **(I) SHALL BE PAID TO THE NONDEPOSITORY TRUST**
 8 **COMPANY; AND**

9 **(II) MAY NOT BE HELD BY THE COMMISSIONER.**

10 ~~(D)~~ **(E)** **(1) IF A NONDEPOSITORY TRUST COMPANY CHOOSES TO**
 11 **PURCHASE A SURETY BOND TO SATISFY THE REQUIREMENT OF SUBSECTION ~~(A)~~**
 12 **(B) OF THIS SECTION, THE SURETY BOND SHALL BE ISSUED BY A BONDING**
 13 **COMPANY THAT:**

14 **~~(I) IS APPROVED BY THE COMMISSIONER;~~**

15 ~~(II)~~ **IS AUTHORIZED TO DO BUSINESS IN THIS STATE; AND**

16 ~~(III)~~ **(II) HAS A RATING IN ONE OF THE THREE HIGHEST**
 17 **GRADES AS DETERMINED BY A NATIONAL RATING SERVICE.**

18 **(2) THE SURETY BOND SHALL BE IN A FORM APPROVED BY THE**
 19 **COMMISSIONER.**

20 **(3) ~~THE~~ A NONDEPOSITORY TRUST COMPANY MAY NOT OBTAIN A**
 21 **SURETY BOND FROM ANY ~~ENTITY IN WHICH IT HAS A FINANCIAL INTEREST~~**
 22 **AFFILIATE, AS DEFINED IN § 5-401 OF THIS ARTICLE.**

23 **4-701.1.**

24 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
 25 **MEANINGS INDICATED.**

26 **(2) “CONVERTING INSTITUTION” MEANS A FEDERAL MUTUAL**
 27 **SAVINGS BANK.**

28 **(3) “FEDERAL MUTUAL SAVINGS BANK” MEANS AN INSTITUTION**
 29 **THAT:**

1 **(I) IS INCORPORATED UNDER FEDERAL LAW AS A SAVINGS**
2 **BANK; AND**

3 **(II) IS A MUTUAL ASSOCIATION.**

4 **(B) A CONVERTING INSTITUTION THAT IS LOCATED IN THIS STATE MAY**
5 **CONVERT INTO A SAVINGS BANK AS PROVIDED BY FEDERAL LAW AND THIS**
6 **SECTION.**

7 **(C) (1) THE CONVERTING INSTITUTION SHALL MEET THE**
8 **REQUIREMENTS OF THIS TITLE FOR THE INCORPORATION OF A SAVINGS BANK.**

9 **(2) THE PROCEDURES FOR INCORPORATION MAY BE MODIFIED**
10 **AS REQUIRED BY THE DIFFERENCE BETWEEN INCORPORATION AND**
11 **CONVERSION.**

12 **(3) IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE**
13 **COMMISSIONER, ANY INTERESTED PERSON MAY REQUEST THAT THE**
14 **COMMISSIONER CONDUCT A HEARING REGARDING THE CONVERSION.**

15 **(D) (1) THE BOARD OF DIRECTORS OF THE CONVERTING**
16 **INSTITUTION SHALL SIGN, ACKNOWLEDGE, AND FILE ARTICLES OF**
17 **INCORPORATION.**

18 **(2) THE ARTICLES OF INCORPORATION SHALL STATE THAT THE**
19 **CONVERSION HAS BEEN APPROVED BY THE MEMBERS OR BOARD OF DIRECTORS**
20 **IN THE MANNER REQUIRED BY SUBSECTION (E) OF THIS SECTION.**

21 **(E) THE CONVERSION SHALL BE APPROVED AT A MEETING CALLED FOR**
22 **THAT PURPOSE, BY THE AFFIRMATIVE VOTE OF:**

23 **(1) TWO-THIRDS OF THE MEMBERS OF THE CONVERTING**
24 **INSTITUTION, VOTING IN PERSON OR BY PROXY; OR**

25 **(2) IF THERE ARE NO MEMBERS, THE BOARD OF DIRECTORS OF**
26 **THE CONVERTING INSTITUTION.**

27 **(F) THE NEW SAVINGS BANK RESULTING FROM THE CONVERSION:**

28 **(1) SHALL BE CONSIDERED THE SAME BUSINESS AND**
29 **CORPORATE ENTITY AS THE CONVERTING INSTITUTION; AND**

1 **(2) EXCEPT AS LIMITED BY THIS ARTICLE OR BY ITS CHARTER OR**
2 **BYLAWS, HAS ALL OF THE RIGHTS, POWERS, AND DUTIES OF THE CONVERTING**
3 **INSTITUTION.**

4 **(G) THE CONVERTING INSTITUTION’S RIGHTS, FRANCHISES, AND**
5 **INTERESTS IN ANY PROPERTY BECOME THE PROPERTY OF THE NEW SAVINGS**
6 **BANK, SUBJECT TO THE LIABILITIES OF THE CONVERTING INSTITUTION THAT**
7 **EXIST AT THE TIME OF THE CONVERSION.**

8 **(H) UNLESS THIS CONSTRUCTION WOULD BE UNREASONABLE, ANY**
9 **REFERENCE TO THE CONVERTING INSTITUTION IN ANY WRITING, WHETHER**
10 **EXECUTED OR TAKING EFFECT BEFORE OR AFTER THE CONVERSION, SHALL BE**
11 **INTERPRETED AS A REFERENCE TO THE NEW SAVINGS BANK.**

12 **(I) IF A CONVERTING INSTITUTION HAS ASSETS OR ENGAGES IN**
13 **BUSINESS ACTIVITIES THAT DO NOT CONFORM TO THE LAW GOVERNING**
14 **SAVINGS BANKS, THE COMMISSIONER MAY ALLOW A REASONABLE TIME FOR**
15 **THE NEW SAVINGS BANK TO CONFORM TO THAT LAW.**

16 5–101.

17 (a) In this title the following words have the meanings indicated.

18 (b) “CAMELS” means the composite rating adopted by the federal Financial
19 Institutions Examination Council to evaluate the adequacy of capital, quality of
20 assets, capability of management, quality and level of earnings, adequacy of liquidity,
21 and sensitivity to market risk.

22 (c) “Capital stock” includes both common and preferred stock of a
23 commercial bank.

24 (d) “Examiner” means:

25 (1) The Commissioner; and

26 (2) An individual whom the Commissioner designates as examiner.

27 (e) “Federal banking authority” means, as the context requires:

28 (1) The Federal Deposit Insurance Corporation;

29 (2) The Federal Reserve Bank of Richmond; or

30 (3) Any other appropriate federal banking authority.

1 **(F) “NONDEPOSITORY TRUST COMPANY” MEANS A TRUST COMPANY**
2 **THAT IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION.**

3 **[(f)] (G)** “Savings bank” means an institution that:

4 (1) Is incorporated under the laws of this State as a savings bank; and

5 (2) Engages only in the business of savings banking.

6 **[(g)] (H)** “Trust company” means an institution that is incorporated under
7 the laws of this State as a trust company.

8 5–601.

9 (a) The board of directors of any banking institution may place the banking
10 institution, including its property, records, and business, in the hands of the
11 Commissioner by posting on the front door of each banking office of the institution a
12 notice that states: “This institution is in the hands of the Maryland Commissioner of
13 Financial Regulation”.

14 (b) The banking institution immediately shall notify the Commissioner of its
15 action, and the Commissioner immediately shall take possession of the institution.

16 5–602.

17 (a) (1) If the Commissioner finds that the capital stock account of any
18 commercial bank is impaired because of a loss or for any other reason, the
19 Commissioner, by notice to the board of directors of the commercial bank, may require
20 the commercial bank to correct the impairment.

21 (2) If the commercial bank fails to correct the impairment within 3
22 months after the board receives the notice, the Commissioner may take possession of
23 the commercial bank, including its property, records, and business.

24 (b) (1) If the reserves of any commercial bank fall below the amount
25 required under this article:

26 (i) The commercial bank may not increase its loans or discounts
27 until the deficiency is corrected, except by discounting or buying drafts payable at
28 sight or on demand; and

29 (ii) The Commissioner, by notice to the board of directors of the
30 commercial bank, shall require the commercial bank to correct the deficiency.

1 (2) If the commercial bank fails to correct the deficiency within 30
 2 days after the board receives the notice, the Commissioner may take possession of the
 3 commercial bank, including its property, records, and business.

4 **5-602.1.**

5 (A) IN THIS SECTION, "INSOLVENT" MEANS:

6 (1) INCAPABLE OF MEETING THE DEMANDS OF CREDITORS; OR

7 (2) HAVING LIABILITIES THAT EXCEED ASSETS.

8 (B) NOTWITHSTANDING THE NOTICE AND TIMING REQUIREMENTS IN §
 9 5-602 OF THIS SUBTITLE, IF THE COMMISSIONER DETERMINES THAT ~~AN~~
 10 ~~EMERGENCY EXISTS AS DESCRIBED IN SUBSECTION (C) OF THIS SECTION~~ A
 11 NONDEPOSITORY TRUST COMPANY IS INSOLVENT, THE COMMISSIONER MAY
 12 TAKE IMMEDIATE POSSESSION OF ~~A~~ THE NONDEPOSITORY TRUST COMPANY,
 13 INCLUDING ITS PROPERTY, RECORDS, AND BUSINESS, BY ~~POSTING~~:

14 (1) POSTING ON THE FRONT DOOR OF EACH BANKING OFFICE OF
 15 THE ~~INSTITUTION~~ NONDEPOSITORY TRUST COMPANY A NOTICE THAT STATES:
 16 "THIS INSTITUTION IS IN THE HANDS OF THE ~~MARYLAND COMMISSIONER OF~~
 17 ~~FINANCIAL REGULATION.~~" MARYLAND COMMISSIONER OF FINANCIAL
 18 REGULATION"; AND

19 (2) IMMEDIATELY DELIVERING WRITTEN NOTICE TO THE BOARD
 20 OF DIRECTORS OF THE NONDEPOSITORY TRUST COMPANY THAT THE
 21 COMMISSIONER HAS TAKEN POSSESSION OF THE NONDEPOSITORY TRUST
 22 COMPANY.

23 ~~(C) THE COMMISSIONER MAY DETERMINE THAT AN EMERGENCY EXISTS~~
 24 ~~IF A NONDEPOSITORY TRUST COMPANY:~~

25 ~~(1) IS CONDUCTING ITS BUSINESS IN AN UNLAWFUL OR UNSOUND~~
 26 ~~MANNER THAT MAY RESULT IN SERIOUS LOSSES TO ITS CUSTOMERS OR~~
 27 ~~CREDITORS;~~

28 ~~(2) IS UNABLE TO CONTINUE NORMAL OPERATIONS;~~

29 ~~(3) HAS OBSTRUCTED OR IMPEDED AN EXAMINATION PERMITTED~~
 30 ~~UNDER § 5-201 OF THIS TITLE WHERE THE COMMISSIONER HAS A REASONABLE~~
 31 ~~BASIS TO BELIEVE THAT THE NONDEPOSITORY TRUST COMPANY IS~~
 32 ~~CONDUCTING ITS BUSINESS IN AN UNLAWFUL OR UNSOUND MANNER THAT MAY~~
 33 ~~RESULT IN SERIOUS LOSSES TO ITS CUSTOMERS OR CREDITORS;~~

1 ~~(4) HAS REFUSED TO ALLOW AN EXAMINATION AS PERMITTED~~
2 ~~UNDER § 5-201 OF THIS TITLE; OR~~

3 ~~(5) IS INSOLVENT.~~

4 **5-604.1.**

5 (A) ALL NECESSARY AND REASONABLE EXPENSES OF THE
6 COMMISSIONER THAT ARE COURT APPROVED AND RELATED TO THE
7 COMMISSIONER'S POSSESSION OF A NONDEPOSITORY TRUST COMPANY,
8 INCLUDING COSTS ASSOCIATED WITH THE RECEIVERSHIP, REORGANIZATION,
9 OR LIQUIDATION OF THE NONDEPOSITORY TRUST COMPANY, SHALL BE PAID TO
10 ~~THE COMMISSIONER~~ FROM THE ASSETS OF THE NONDEPOSITORY TRUST
11 COMPANY, IN ADDITION TO THE PROCEEDS OF THE SALE OF SECURITIES OR THE
12 PAYMENT ON PLEDGED UNDER § 3-211.1 OF THIS ARTICLE, OR RECOVERY
13 AGAINST A SURETY BOND REQUIRED DELIVERED UNDER § 3-211.1 OF THIS
14 ARTICLE.

15 (B) ANY PROCEEDS OF A SALE OF PLEDGED SECURITIES THAT REMAIN
16 AFTER MAKING THE PAYMENTS REQUIRED UNDER SUBSECTION (A) OF THIS
17 SECTION AND § 5-606(B)(2) OF THIS SUBTITLE SHALL BE AN ASSET OF THE
18 NONDEPOSITORY TRUST COMPANY.

19 **5-606.**

20 (a) (1) The receiver may appoint any clerks needed to carry out the
21 receivership.

22 (2) The salaries of these clerks shall be paid out of the funds of the
23 banking institution.

24 (B) (1) NOTWITHSTANDING SUBSECTION (A) OF THIS SECTION, THE
25 RECEIVER OF A NONDEPOSITORY TRUST COMPANY MAY, AS NEEDED TO CARRY
26 OUT THE RECEIVERSHIP:

27 (I) APPOINT ANY CLERKS, AGENTS, COUNSEL, EMPLOYEES,
28 AND ASSISTANTS; AND

29 (II) RETAIN OFFICERS AND EMPLOYEES OF THE
30 NONDEPOSITORY TRUST COMPANY.

31 (2) THE SALARIES AND ALL OTHER EXPENSES OF THE
32 INDIVIDUALS SPECIFIED UNDER PARAGRAPH (1) OF THIS SUBSECTION THAT

1 ~~ARE COURT APPROVED SHALL BE PAID OUT OF THE FUNDS FROM THE ASSETS~~
2 ~~OF THE NONDEPOSITORY TRUST COMPANY, IN ADDITION TO THE PROCEEDS OF~~
3 ~~THE SALE OF SECURITIES OR THE PAYMENT ON PLEDGED UNDER § 3-211.1 OF~~
4 ~~THIS ARTICLE, OR RECOVERY AGAINST A SURETY BOND REQUIRED DELIVERED~~
5 ~~UNDER § 3-211.1 OF THIS ARTICLE.~~

6 (3) ANY PROCEEDS OF A SALE OF PLEDGED SECURITIES THAT
7 REMAIN AFTER MAKING THE PAYMENTS REQUIRED UNDER PARAGRAPH (2) OF
8 THIS SUBSECTION AND § 5-604.1(A) OF THIS SUBTITLE SHALL BE AN ASSET OF
9 THE NONDEPOSITORY TRUST COMPANY.

10 [(b)] (C) The receiver may borrow money and, with the approval of the
11 court, pledge, mortgage, or encumber any of the institution's assets to:

- 12 (1) Pay the obligations of the institution;
- 13 (2) Pay dividends to the depositors or creditors of the institution; or
- 14 (3) Enable the institution to reopen or reorganize.

15 [(c)] (D) (1) The receiver shall file with the court, in the form that the
16 court requires, an itemized account of:

- 17 (i) All receipts, disbursements, and expenses; and
- 18 (ii) Any proposed distribution.

19 (2) The court shall accept the account to the same extent as if an
20 auditor of the court had prepared and filed the account.

21 [(d)] (E) (1) Except as provided in paragraph (2) of this subsection, the
22 receiver may not make any distribution until the court ratifies the receiver's account.

23 (2) With the approval of the court, the receiver may pay in full each
24 creditor whose total claims do not exceed \$5.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2010.