



HB 904 – Maryland Trust Act – Liability of Trustee – Report and Release by Interested Party

House Judicial Proceedings Committee February 26, 2020

Favorable with Amendments

The Maryland Bankers Association supports House Bill 904 – Maryland Trust Act – Liability of Trustee – Report and Release by Interested Party with the amendments offered by the bill sponsor. The goal of this legislation is to facilitate a prompt distribution of assets from a trustee to the trust beneficiaries or a successor trustee without the delay and costs of a court proceeding.

This non-mandatory process may be used when a trust is terminating by its terms, or a trustee is resigning or has been removed. Under the bill, the trustee is required to send a notice via first class and certified mail to all interested parties - beneficiaries, successor trustees or others who have an interest in or authority over a trust - along with a report that:

- Informs the interested party that the trust is being terminated or that the trustee has resigned or has been removed;
- Provides the interested party:
 - An accounting of the trust for the immediately preceding 5 years
 - An estimate of any trust property or interests reasonably anticipated and
 - The amount of any fees remaining to be paid
- Notifies the interested party that
 - The party may submit a written objection to the trustee regarding the trustee’s administration of the trust within 90 days after the trustee mailed the report and
 - If the interested party does not object to the trustee within 90 days after the trustee mailed the report, the interested party shall be deemed to have released the trustee and consented to and ratified all actions of the trustee.

If no interested party submits a written objection to the trustee within 90 days after the trustee mailed the report, the trustee shall distribute the trust property to the appropriate successors in interest within a reasonable period of time.

If an interested party submits an objection, the objection may be

- submitted to the court for resolution with notice to all interested parties, or
- resolved by the agreement of all interested parties as provided for under current law.

Passage of this legislation will allow trust beneficiaries to receive their share of trust assets without the costs and significant delay that are presently required. We urge the Committee to give the bill a favorable report and to adopt the bill sponsor’s amendments which extend the time frame for objecting to 120 days, require the certified mailing to be “return receipt requested,” and also require a statement that the trustee is not aware of any undisclosed information that would give rise to a claim by an interested party.