

# **HB1004 - FIN - MDDCCUA- Financial Institutions - C**

Uploaded by: Bratsakis, John

Position: FAV



MD|DC

Credit Union Association

Chairwoman Delores Kelley  
3 East  
Miller Senate Office Building  
Annapolis, MD 21401

**HB1004:** Financial Institutions - Commissioner of Financial Regulation - Credit Union Power  
**Testimony on Behalf of:** MD|DC Credit Union Association  
**Position:** Support

Chairwoman Kelley, Vice-Chair Feldman and Members of the Committee:

The MD|DC Credit Union Association, on behalf of the 77 Credit Unions and their 2.2 million members that we represent in the State of Maryland, appreciates the opportunity to testify on this legislation. Credit Unions are member-owned, not-for-profit financial cooperatives whose mission is to educate and help members achieve financial well-being. **We support this bill.**

Like most states, Maryland offers a dual chartering system for credit unions, meaning that a credit union may be chartered federally or by the state. The Federal Credit Union Act of 1934 (FCUA) governs federally chartered credit unions and the Maryland Credit Union Act (Md. Art. Fin. Inst. §6-206 et. seq.) governs state-chartered credit unions. These two acts are substantially similar but contain some differences which may put state-chartered institutions at a competitive disadvantage to federally chartered institutions.

Our primary focus is protecting our members and helping them achieve their financial goals. To that end, HB1004 does not limit or modify the Commissioner of Financial Regulation's powers to oversee credit unions and ensure safety and soundness. This bill simply streamlines the process for a state-chartered credit union to seek approval to conduct business under Maryland's parity law. The current process requires a credit union to prepare an application, submit it to the Commissioner for review, and await a response before engaging in the requested activity. Current Maryland law does not establish a timeline for Commission approval. Under the streamlined process, a credit union must still file a notice of intent to conduct federally permissible activities with the Commissioner at least 45 days before engaging in the requested activity. The Commissioner may extend the review timeline and request additional information from applicants and retains the authority to deny any requested activity it deems necessary to protect Maryland consumers. If the Commissioner does not extend, deny, or request further information, the credit union will be allowed to perform the activity 45 calendar days after submission. This practice is common in several other states.

As always, we appreciate the ability to have our voices heard and look forward to a continued partnership. Please reach out to me at [jbratsakis@mddccua.org](mailto:jbratsakis@mddccua.org) or our VP of Advocacy, Rory Murray, at [rmurray@mddccua.org](mailto:rmurray@mddccua.org) with comments or questions.

Sincerely,

John Bratsakis  
President/CEO, MD|DC Credit Union Association

**HB1004\_ Financial Institutions – Commissioner of**

Uploaded by: Crosby, Brian

Position: FAV

**BRIAN CROSBY**  
*Legislative District 29B*  
St. Mary's County

Economic Matters Committee



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**Testimony for HB1004: Financial Institutions – Commissioner of Financial Regulation – Credit Union Power**  
**Finance Committee**

Good afternoon Madam Chair, Vice Chair, and distinguished members of the committee. I am Del. Brian Crosby and it's an honor to present House Bill 1004 entitled Financial Institutions – Commissioner of Financial Regulation – Credit Union Power.

Members of the committee should recognize the language of this bill because we approved an identical version sponsored by the Commissioner's office last year for the banks. As you know, credit unions in Maryland may be chartered and governed by either federal or state guidelines. These guidelines are mostly the same, but there are some distinctions that result in longer wait times and therefore lower efficiency for state-chartered credit unions when attempting to engage in some areas of federally permissible activities such as real estate lending. Currently, once a state-chartered credit union submits an application to engage in these activities, there is no timeline for the Commissioner to approve or deny the application. This bill does not remove the Commissioner's power to deny applications, but allows credit unions to engage in the activities if the Commissioner's office does not request further information, extend the review process, or deny the application within 45 days. Again, this is the same policy we approved last year for banks, and federally-chartered credit unions already operate this way, so we are just standardizing the field across each institution.

For these reasons, I urge the committee to offer a favorable report on HB1004, and I'm happy to take questions at this time.

**HB 1004 - MDL - FAV**

Uploaded by: Fulginiti, Andrew

Position: FAV

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## House Bill 1004

Date: March 24, 2020  
Committee: Senate Finance Committee  
Bill Title: Financial Institutions - Commissioner of Financial Regulation - Credit Union Power  
Re: Favorable

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The banking parity (or “wild card”) law was changed last year (via SB15, CH0499) and this proposal seeks to make parallel changes to its credit union counterpart. The “wild card” law deals with competitive parity between State-chartered credit unions and federal credit unions. Pursuant to §6-313 of the Financial Institutions (FI) Article, State-chartered credit unions are permitted to exercise the same powers and/or rights as federal credit unions upon a specific request from a credit union and approval of that request by the Commissioner. Thus, current law requires credit unions to prepare and submit an application to the Commissioner, and requires the Commissioner to review - and ultimately grant or deny - that application. Maryland law does not establish a timeline for Commissioner approval of such a request.

This proposed change will modernize FI §6-313 and streamline the application process for Commissioner approval to promote the competitive potential of Maryland credit unions. To conduct federally permissible activities under the new application process, State credit unions must file a notice of intent to act with the Commissioner at least 45 days prior to engaging in the requested activity. Unless the Commissioner objects or extends the 45 days, the credit union may thereafter engage in the proposed activity. This is a process change in which the Commissioner will retain the authority to deny any requested activity deemed necessary to protect Maryland’s welfare or economy. Please note that the Commissioner may also extend the review timeline and/or request additional information from applicants.

This proposal will have a positive impact on the State’s credit union community as it replaces the administrative burden on State credit unions of preparing and submitting an application with a prior notice provision. This proposed change will align the parity requirements for State credit unions with State banks and without diminishing the Commissioner’s authority. **To that end, the Department respectfully requests a favorable report by the Committee of HB 1004.**

# **HB1004 - FIN - MDDCCUA- Financial Institutions - C**

Uploaded by: Murray, Rory

Position: FAV



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