

March 10, 2026

Re: Letter of Support

Dear Chair, Vice-Chair, and Members of the Committee,

The Office of Financial Regulation (OFR) is Maryland's state consumer financial protection agency. OFR provides this testimony in support of House Bill 1049, Credit Unions - Mergers and Consolidations - Alteration of Voting Requirement.

Bill Summary

House Bill 1049 is designed to modify the procedure for credit union mergers in the State of Maryland. Specifically, it provides that a surviving credit union in a credit union merger transaction need not obtain member approval to engage in such a transaction if its board has approved the transaction. The surviving credit union retains the **option** to hold a member vote on the transaction, but under the bill they are not required to do so as the bill lets management exercise their discretion on that issue. This modernization aims to streamline processes, reduce administrative burden, and align state requirements more closely with those followed by federal credit unions, enhancing the competitiveness of the Maryland credit union charter.

Impact and OFR's Role

OFR is the designated state agency responsible for chartering Maryland credit unions and overseeing merger and acquisition activity. This authority ensures that new credit unions meet standards for financial soundness and that any merger protects the interests of Maryland consumers, businesses, and communities. OFR's review of mergers includes assessing the financial strength of the surviving credit union, the impact on competition and access to services, and compliance with all applicable State and federal requirements.

Key Features of HB1049

- **Required Board Approval:** The boards of directors for *each* credit union involved must pass a resolution declaring the merger advisable, ensuring fiduciary oversight and formal accountability.
- **Member Voting - Merging Credit Union:** The board of the **merging** credit union(s) **must** schedule a date for a member vote. Unless waived by the Commissioner, the merger requires an affirmative vote from the members of the **merging** credit union(s).
- **Member Voting - Surviving Credit Union:** The board of the **surviving** credit union **may** schedule a

date for a member vote.

- **Waiver of Surviving Credit Union Vote:** This bill waives the requirement of a formal member vote for the surviving credit union. Traditionally, these transactions have minimal impact on members' rights, services, or ownership interests.

Benefits of the Clarified Framework

The bill facilitates timely institutional restructuring, preserves service continuity, and supports the long-term strength of credit unions in Maryland by:

- Providing statutory certainty and procedural transparency regarding the member vote waiver.
- Modernizing and streamlining processes to better accord with federal credit union authorities, enhancing market stability, and the benefits of the Maryland credit union charter.

Bottom Line

Because House Bill 1049 modernizes and streamlines processes, aligns with federal credit union authorities, and enhances the state's competitiveness, the Office of Financial Regulation requests a **favorable Committee Report**.