

became necessary to arrange a conference with the Secretary of State, with the result that building association charters may be passed on by the Commission before certificate of authorization to do business is issued by the Secretary of State.

Building association powers should be more clearly defined; this seems necessary, in the opinion of the Commission, as a safeguard to the associations themselves and as a guide to the allowance of proper credits or deductions to be made in the assessments.

Building associations, properly conducted, serve a very useful purpose in the community and enable thousands of persons to acquire their own homes.

The business of lending money on mortgages on real estate within Maryland is to be encouraged and fostered, and there would seem to be no objection to loans on judgments when the borrower owns real property. Again, the law contemplates loans to members on hypothecation of shares, but provides that no loan of this kind should be in excess of the amount paid in.

Under the present provisions of the Code, there is no complete way of assessing the shares except in the aggregate.

The Commission suggests a plan as follows:

That there should be imposed an annual franchise tax amounting to  $\frac{1}{10}$  of 1% on the amount of paid-in capital against those corporations which conduct strictly the business of a building or homestead association as provided for in the Code; those that carry on any business, either in whole or in part, that is not in strict accordance with the law should be taxed in addition on investments (other than those secured by real estate, mortgages, judgments and hypothecation of shares representing an amount equal to the loan) according to the regular rate of taxation in the locality in which the association is located.

The tax should be apportioned as the present franchise tax imposed on savings banks—that is, one-quarter to the State and three-quarters to the locality where such corporation is located.

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## **GUARANTY, SURETY AND FIDELITY COMPANIES**

Article 23, Section 378 et seq., of the Code of Public General Laws set forth the provision governing Guaranty, Surety and Fidel-