

CHAPTER 452

(Senate Bill 316)

AN ACT concerning

Savings and Loan Association Capital Stabilization and Insurance Loan – Repeal

FOR the purpose of repealing Chapter 4 of the First Special Session of 1985 which created the Savings and Loan Association Capital Stabilization Fund and authorized the creation of a State Debt in the amount of \$100,000,000 the proceeds of which were to have been used for the Savings and Loan Association Capital Stabilization Fund or the Maryland Deposit Insurance Fund for certain savings and loan purposes.

BY repealing

Chapter 4 of the Acts of the General Assembly of the First Special Session of 1985

Preamble

WHEREAS, In May of 1985, the first of two special sessions of the General Assembly convened in 1985 was held to address the savings and loan crisis that was triggered by indications of insolvency and mismanagement at Old Court Savings and Loan Association and other institutions insured by the Maryland Savings–Share Insurance Corporation (MSSIC); and

WHEREAS, During the May, 1985 special session, one of the measures introduced and passed to give the State an optional financial source to help defray the State’s costs in resolving the crisis was a bill (Chapter 4 – Senate Bill 5 – of the First Special Session of 1985) that simultaneously created the Savings and Loan Association Capital Stabilization Fund and authorized a \$100 million general obligation bond issue to be used for savings and loan purposes; and

WHEREAS, Although no bonds have been issued since the enactment of Chapter 4 of the First Special Session of 1985, the authorization created was used as security for the bond anticipation notes exchanged for net worth certificates issued by the State to eight savings and loan associations in order for those associations to obtain federal savings and loan insurance and continue in operation as viable institutions; and

WHEREAS, A total of \$27.1 million of bond anticipation notes were issued, \$24.2 million have been redeemed, \$2.2 million were paid by the Maryland Deposit Insurance Fund (MDIF), and \$746,000 were paid by MDIF in December, 1989; and

WHEREAS, A bond anticipation note of \$46.7 million (redeemed in May, 1989) was provided to Mellon Bank of Pennsylvania as part of the asset take-back agreement between the State of Maryland and the Mellon Bank for the Mellon purchase of the troubled Community Savings and Loan Association; and

WHEREAS, As the \$100 million bond authorization is no longer required, the