

Although such loans would be subject to regulations prescribed by the Bank Commissioner, the State Banking Department has urged that I veto the Bill on the ground that it is not in the best interest of our State-chartered credit unions since there is not adequate protection for such loans under the limited form of insurance provided for in Title 1 of the National Housing Act.

The Department points out that under the present law no State-chartered credit union may make an unsecured loan in excess of \$400 except by proper written approval by the Bank Commissioner, when said amount may be increased to \$750.

Under the provisions of Title 1 insurance, any claims for loss are paid from an insurance reserve account established by F.H.A. for each lender. This reserve account is credited for an amount equal to 10% of the sum of each loan disbursed and reported by the lender for insurance coverage. From this reserve any claims approved for payment are deducted; however, the recoverable total of insured loans under Title 1 is limited to the extent of the reserve fund, hence, in view of this restriction it is possible that one loan which becomes in default and claim is made to the F.H.A. for payment could actually exhaust the total reserve account leaving the balance of the Title 1 loans exposed without any insurance.

It is apparent, therefore, that the financial risks inherent in this Bill would not be in the best interest of our State-chartered credit unions and, accordingly, I have no alternative than to veto Senate Bill 203.

With kindest personal regards, I am

Sincerely yours,

(s) J. MILLARD TAWES,

Governor.

Senate Bill No. 323—Notaries Public

AN ACT to repeal and re-enact, with amendments, Section 1 of Article 68 of the Annotated Code of Maryland (1964 Supplement), title "Notaries Public," to revise the law relating to the term of office of notaries public; to extend the term of office of certain notaries public; and to define the powers and duties of certain notaries public during such extended term.

May 4, 1965.

Honorable William S. James
President of the Senate
State House
Annapolis, Maryland

Dear Mr. President:

I have today vetoed Senate Bill 323 and, in accordance with our constitutional provisions, I am returning the same to you along with my veto message.

This bill was originally designed to remove some of the confusion that existed relative to the terms of notaries public. After the bill