

Approved May 7, 1973.

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CHAPTER 307

(House Bill 442)

AN ACT to repeal and re-enact, with amendments, Section 161EE(a) of Article 23 of the Annotated Code of Maryland (1966 Replacement Volume and 1971 Supplement), title "Corporations," subtitle "III. Particular Classes of Corporations," subheading "Associations," to permit the Board of Building, Savings and Loan Association Commissioners to authorize by regulation an allocation of profits to the surplus and undivided profits account of an association and to waive certain requirements, under certain conditions, where the statutory general reserve fund minimum is met.

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section 161EE(a) of Article 23 of the Annotated Code of Maryland (1966 Replacement Volume and 1971 Supplement), title "Corporations," subtitle "III. Particular Classes of Corporations," subheading "Associations," be and it is hereby repealed and re-enacted, with amendments, to read as follows:

161EE.

(a) Minimum allocation. Each association shall maintain a general reserve fund which shall be used solely for the purpose of absorbing losses and to which the board of directors shall allocate such portion of the association's profits as the Board may determine; whenever the total amount of such reserve is less than six percent (6%) of the aggregate withdrawal value of the association's free share accounts, the allocation to such reserve upon each apportionment of profits shall be such percentage of the profits being apportioned as the Board may by regulation prescribe, from time to time, but in any event shall not be less than five percent (5%) of the profits being apportioned, or such lesser portion as will increase such reserve to the required total amount. Whenever an association has a general reserve fund totaling at least six percent (6%) of the aggregate withdrawal value of the free share accounts of the association, but the total of the general reserve fund, surplus, and undivided profits of the association is less than ten percent (10%) of the aggregate withdrawal value of its free share accounts, the allocation EITHER to the general reserve fund OR TO THE SURPLUS OR UNDIVIDED PROFITS upon each apportionment of profits shall be such percentage of the profits being apportioned as the Board may by regulation prescribe, from time to time, but in any event shall not be less than five percent (5%) of the profits being apportioned, or such lesser portion as will increase the total of general reserve fund, surplus, and undivided profits to ten percent (10%) of the aggregate withdrawal value of the free share accounts of the association.

The Board may, for good cause shown, waive any of the above referenced requirements as to allocation of profits EITHER to the general reserve fund OR TO THE SURPLUS OR UNDIVIDED PROFITS, with respect to an association which meets the statutory minimum six percent (6%) general reserve fund requirements, if the Board deems that the public interest is adequately protected.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1973.