

(Senate Bill 121)

AN ACT concerning

Credit Unions

FOR the purpose of increasing the sum of money a credit union member may obtain through an unsecured loan from the credit union; limiting the total amount of money any one member may borrow directly or indirectly from a credit union; making certain types of loan security subject to the approval of the Commissioner; and making certain style changes.

BY repealing and reenacting, with amendments,

Article 11 - Banks and Trust Companies  
Section 152(a) and (b)  
Annotated Code of Maryland  
(1976 Replacement Volume and 1977 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article 11 - Banks and Trust Companies

152.

(a) A credit union may loan to its members for such purposes, and upon such security and terms as the bylaws shall provide, and the credit committee may approve, but security need not be taken for any loan of [four hundred dollars (\$400.00)] \$400 or less. [In any case where the loan is in excess of four hundred dollars (\$400.00) up to a maximum of twenty-five hundred dollars (\$2,500.00), it shall be subject to the prior written approval of the Bank Commissioner.] UPON THE APPROVAL OF THE COMMISSIONER, A CREDIT UNION MAY MAKE TO ITS MEMBERS UNSECURED LOANS UP TO A MAXIMUM OF \$3,500. THE TOTAL OF ALL TYPES OF LOANS THAT A CREDIT UNION MAY MAKE TO ANY ONE MEMBER DIRECTLY AND INDIRECTLY MAY NOT EXCEED 10 PERCENT OF THE CREDIT UNION'S PAID-IN AND UNIMPAIRED CAPITAL AND SURPLUS.

(b) An endorsed note, or a note secured by a duly recorded lien upon unencumbered real or leasehold property, or the assignment of shares and deposits in the credit union, may be deemed security by the credit committee within the meaning of this subtitle. ALL OTHER TYPES OF SECURITY MUST BE APPROVED BY THE COMMISSIONER. No member of the board of directors, credit committee or the supervisory committee shall directly or indirectly borrow from or become security for a loan or advance made by the corporation, in excess of the total of his shares and deposits, or in excess of the total of paid-in shares and deposits, held by him and his comakers in said credit union, unless said loan shall have been approved by majority vote at meetings in the