this subtitle.

In the introductory provision of subsection (a)
of this section, the phrase "required capital
stock" is substituted for the term "required
capital" for clarity.

In subsection (a)(1) of this section, the term
"undivided profits" is substituted for the
erroneous reference to "net earnings".

3-307. CASH DIVIDENDS.

(A) IN GENERAL.

THE BOARD OF DIRECTORS OF A COMMERCIAL BANK MAY DECLARE
A CASH DIVIDEND ONLY FROM THE FOLLOWING, AFTER PROVIDING FOR
DUE OR ACCRUED EXPENSES, LOSSES, INTEREST, AND TAXES:

(1) ITS UNDIVIDED PROFITS; OR

(2) WITH THE PRIOR APPROVAL OF THE BANK
COMMISSIONER, ITS SURPLUS IN EXCESS OF 100 PERCENT OF ITS
REQUIRED CAPITAL STOCK.

(B) LIABILITIES OF STOCKHOLDERS.

IF ANY STOCKHOLDER RECEIVES A CASH DIVIDEND THAT WAS
DECLARED OR PAID IN VIOLATION OF THIS SECTION OR § 3-306 OF
THIS SUBTITLE, THE STOCKHOLDER IS LIABLE TO THE COMMERCIAL
BANK FOR THE FULL AMOUNT OF THE DIVIDEND TO THE EXTENT THAT
THE CAPITAL AND SURPLUS OF THE COMMERCIAL BANK FAILS TO MEET
THE REQUIREMENTS OF § 3-306 OF THIS SUBTITLE.

(C) LIABILITIES OF DIRECTORS.

IF ANY DIRECTOR OF A COMMERCIAL BANK VOTES FOR OR
ASSENTS TO THE DECLARATION OF ANY CASH DIVIDEND WHEN THE
DIRECTOR KNOWS THAT THE COMMERCIAL BANK IS INSOLVENT OR IS
IN DANGER OF INSOLVENCY OR WHEN THE DIRECTOR DOES NOT HAVE
REASON TO BELIEVE THAT THERE ARE SUFFICIENT UNDIVIDED
PROFITS OR SURPLUS PROPERLY APPLICABLE TO PAY THE DIVIDEND
UNDER THIS SECTION, THE DIRECTOR IS LIABLE, INDIVIDUALLY AND
JOINTLY WITH ALL OTHER DIRECTORS SO VOTING OR ASSENTING, TO
THE PERSONS WHO WERE CREDITORS OF THE COMMERCIAL BANK WHEN
THE DIVIDEND WAS DECLARED FOR THE AMOUNT BY WHICH THESE
CREDITORS REMAIN UNPAID, BUT NOT MORE THAN TWICE THE AMOUNT
OF THE DIVIDEND.

REVISOR'S NOTE: This section is new language derived
without substantive change from the first
sentence of Art. 11, § 95 and from Art. 11, § 96.

Throughout this section, the term "commercial
bank", which is defined in § 1-101 of this
article, is substituted for references to a "bank
or trust company". Although the last sentence of