

Annotated Code of Maryland
(1980 Volume and 1981 Supplement)

BY adding to

Article - Financial Institutions
Section 5-511
Annotated Code of Maryland
(1980 Volume and 1981 Supplement)

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

Article - Financial Institutions

[3-602.

(a) Unless the loan is approved or exempted from approval as provided in this section, the following persons may not borrow, directly or indirectly, any money from a commercial bank:

(1) Any director, officer, or employee of the commercial bank;

(2) Any partnership of which the director, officer, or employee is a member; or

(3) Any corporation in which the director, officer, or employee is an officer or owns the majority interest.

(b) (1) In this subsection, "commercial loan" means a loan that is made:

(i) Solely to acquire or carry on a business or commercial enterprise; or

(ii) To any business or commercial organization.

(2) This section does not require approval of a commercial loan that is made to:

(i) A director of the commercial bank, unless the director also is an officer or employee of the commercial bank;

(ii) A partnership of which the director is a member, unless an officer or employee of the commercial bank also is a member of that partnership; or