

(I) BANK, TRUST COMPANY, OR SAVINGS BANK INCORPORATED UNDER THE LAWS OF THE STATE;

(II) BANK INCORPORATED UNDER FEDERAL LAW;

(III) BANK INCORPORATED UNDER THE LAWS OF ANY OTHER STATE;
OR

(IV) SAVINGS AND LOAN ASSOCIATION INCORPORATED UNDER THE LAWS OF THE STATE OR OF THE UNITED STATES.

(B) NOTWITHSTANDING THE PROVISIONS OF § 22 OF THIS ARTICLE, A LOCAL GOVERNMENT MAY DEPOSIT UNEXPENDED OR SURPLUS MONEY IN ANY FEDERALLY INSURED BANK OR SAVINGS AND LOAN ASSOCIATION WITHOUT THE SECURITY REQUIRED IN § 22(A) OF THIS ARTICLE IF:

(1) THE UNEXPENDED OR SURPLUS MONEY IS INITIALLY PLACED FOR DEPOSIT WITH A STATE FINANCIAL INSTITUTION SELECTED BY THE DEPOSITOR;

(2) THE STATE FINANCIAL INSTITUTION SELECTED BY THE DEPOSITOR ARRANGES FOR THE FURTHER DEPOSIT OF THE MONEY INTO ONE OR MORE CERTIFICATES OF DEPOSIT OF NOT MORE THAN \$100,000 EACH IN ONE OR MORE FEDERALLY INSURED BANKS OR SAVINGS AND LOAN ASSOCIATIONS FOR THE ACCOUNT OF THE DEPOSITOR;

(3) AT THE SAME TIME THE MONEY IS DEPOSITED AND THE CERTIFICATES OF DEPOSIT ARE ISSUED FOR THE BENEFIT OF THE DEPOSITOR BY OTHER BANKS OR SAVINGS AND LOAN ASSOCIATIONS, THE STATE FINANCIAL INSTITUTION SELECTED BY THE DEPOSITOR RECEIVES AN AMOUNT OF DEPOSITS FROM CUSTOMERS OF OTHER BANKS OR SAVINGS AND LOAN ASSOCIATIONS EQUAL TO THE AMOUNT OF MONEY INITIALLY DEPOSITED BY THE DEPOSITOR;

(4) EACH CERTIFICATE OF DEPOSIT ISSUED FOR THE DEPOSITOR'S ACCOUNT IS INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION FOR 100% OF THE PRINCIPAL AND ACCRUED INTEREST OF THE CERTIFICATE OF DEPOSIT; AND

(5) THE STATE FINANCIAL INSTITUTION SELECTED BY THE DEPOSITOR ACTS AS CUSTODIAN FOR THE DEPOSITOR WITH RESPECT TO THE CERTIFICATES OF DEPOSIT ISSUED FOR THE DEPOSITOR'S ACCOUNT.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2005.

May 26, 2005

The Honorable Michael E. Busch
Speaker of the House
State House
Annapolis, MD 21401

Dear Mr. Speaker: