

CHAPTER 369

(Senate Bill 563)

AN ACT concerning

Credit Unions - Required Security

FOR the purpose of ~~repealing a credit union's authority to make an unsecured loan of a certain amount or less without the approval of the Bank Commissioner;~~ increasing the maximum unsecured loan ~~limit~~ a credit union may offer with the approval of the Bank Commissioner; providing that a credit union may accept ~~any~~ a recorded second lien on real or ~~leasehold~~ property as security; and ~~making stylistic changes.~~

BY repealing and reenacting, with amendments,

Article - Financial Institutions  
Section 6-505  
Annotated Code of Maryland  
(1986 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Financial Institutions

6-505.

(a) A loan by a credit union to a member shall be secured as required by [the bylaws of] the credit union, subject to the provisions of this section.

(b) ~~f-(1)~~ A credit union may make a loan of \$400 or less to a member without security.

(2) ~~f-~~ With the approval of the Bank Commissioner, a credit union may ~~f-make loans-f-~~ ESTABLISH A ~~MAXIMUM UNSECURED LOAN LIMIT~~ of [\$5,000] ~~\$10,000~~ \$7,500 or less to members ~~f-without security-f-~~.

(c) A credit union may accept as security for a loan:

(1) An endorsed note;

(2) A note secured by a recorded ~~first~~ OR SECOND lien on real ~~OR LEASEHOLD~~ property;

(3) An assignment of shares or deposits in the credit union; or