

Section 5-512

Annotated Code of Maryland

(1992 Replacement Volume and 1992 Supplement)

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

Article - Financial Institutions

5-512.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "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.

(3) "CONSUMER LOAN" MEANS A LOAN THAT IS MADE PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

(4) "EXECUTIVE OFFICER" HAS THE MEANING STATED IN TITLE 12 OF THE CODE OF FEDERAL REGULATIONS, § 215.2.

[(a)](B) 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 banking institution:

(1) Any director, officer, or employee of the banking institution;

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

(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;

(ii) To any business or commercial organization.

(2)] (C) This section does not require approval of [a]:

(1) A commercial loan that is made to:

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

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