

CHAPTER 72

(House Bill 732)

AN ACT concerning

Financial Institutions – Mergers and Consolidations

FOR the purpose of permitting a federally-chartered savings bank or savings and loan association to convert directly to a State-chartered commercial bank by consolidation, merger, or transfer of assets; repealing certain obsolete provisions relating to mergers between State-chartered savings and loan associations and commercial banks; and generally relating to mergers between financial institutions.

BY repealing and reenacting, with amendments,

Article – Financial Institutions

Section 3-701, 3-702, 3-710, and 3-712

Annotated Code of Maryland

(1992 Replacement Volume and 1993 Supplement)

BY repealing

Article – Financial Institutions

Section 3-701.1

Annotated Code of Maryland

(1992 Replacement Volume and 1993 Supplement)

Preamble

WHEREAS, Chapter 149 of the Acts of 1990 prohibited the formation of any new State-chartered savings and loan associations after July 1, 1990, except for a savings and loan association created expressly for the purpose of converting immediately into a State-chartered commercial bank; and

WHEREAS, The provisions of the Financial Institutions Article relating to the Division of Savings and Loan Associations and relating to the regulation of savings and loan associations in Maryland expired on July 1, 1992; and

WHEREAS, Under existing law it is impossible for a federally-chartered savings bank or savings and loan association to convert directly into a State-chartered commercial bank without first converting to a State-chartered savings and loan association; and

WHEREAS, Certain provisions of the Financial Institutions Article permitting a consolidation, merger, or transfer of assets between a State-chartered savings and loan association and a banking institution or a national banking association became obsolete by their own terms as of June 1, 1986 and are now of no force or effect; and

WHEREAS, The public interest and the safety of the banking industry would be served by facilitating the conversion of federally-chartered savings banks and savings and loan associations into State-chartered commercial banks; now, therefore,