

(II) A MORTGAGE, DEED OF TRUST, OR OTHER INSTRUMENT EXECUTED TO SECURE A NOTE, BOND, OR OTHER EVIDENCE OF INDEBTEDNESS DESCRIBED IN ITEM (I) OF THIS ITEM; AND

(III) A MEMBERSHIP CERTIFICATE ISSUED BY A COOPERATIVE, AS DEFINED IN § 5-601 OF THIS ARTICLE, OR BY A FOREIGN CORPORATION DOING BUSINESS IN THE STATE UNDER TITLE 5, SUBTITLE 6 OF THIS ARTICLE; AND

DRAFTER'S NOTE: This item is new language derived without substantive change from former Ch. 179, § 30, Acts of 1976, as amended by Ch. 604, Acts of 2001.

This item is revised as an exemption, under § 11-601 of this article, from the registration requirements of § 11-501 of this article for consistency with the Maryland Securities Act (Title 11 of this article). Section 11-501 requires registration of a security, before it is offered or sold, unless the security is a federal covered security or "[t]he security or transaction is exempted under Subtitle 6 of this title". Since the securities described in this item are not "federal covered securities", they must be exempted under § 11-601 to effectuate the intent of the former law.

While the exemptions provided in § 11-601 from both § 11-501 and § 11-205 of this article appear broader than the former law's exemption from § 11-501, according to the Securities Commissioner of the Division of Securities, no substantive change is made since securities exempt from registration would not, as a practical matter, be subject to § 11-205.

Defined terms: "Cooperative" § 5-601

"Foreign corporation" § 1-101

Article - Public Utility Companies

7-104.

THE FORMATION, ORGANIZATION, AND GOVERNANCE OF ELECTRIC COOPERATIVES INCORPORATED IN MARYLAND ARE GOVERNED BY TITLE 5, SUBTITLE 6 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE.

SECTION 4. AND BE IT FURTHER ENACTED, That:

(a) A mortgage, deed of trust, security agreement, or other security instrument entered into or created before October 1, 2002 that established a valid lien on personal property in accordance with Ch. 179, § 26, Acts of 1976, as amended by Ch. 604, Act of 2001, remains a valid lien under Title 9 of the Maryland Uniform Commercial Code subject to compliance with Title 9, Subtitle 7 of the Maryland Uniform Commercial Code as modified by subsection (b) of this section.

(b) If Title 9, Subtitle 7 of the Maryland Uniform Commercial Code requires action before July 1, 2002 to assure the continuing validity, perfection, priority, or similar status of a security interest, the status of the lien established by a mortgage, deed of trust, security agreement, or other security instrument described in this section will continue if the required action is taken before October 1, 2003.