CHAPTER 462

(Senate Bill 217)

AN ACT concerning

Credit Unions – Loan Payments – Penalties

FOR the purpose of prohibiting a credit union from requiring payment of the total outstanding balance of any loan made to a member within a certain time period under certain circumstances; and generally relating to loan payments to credit unions.

BY repealing and reenacting, with amendments,
Article – Financial Institutions
Section 6–510
Annotated Code of Maryland
(1986 Replacement Volume and 1991 Supplement)

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

Article – Financial Institutions

6–510.

(a) A borrower from a credit union may prepay all or part of a loan on any day on which the office of the credit union is open.

(b) (1) [If] SUBJECT TO THE PROVISIONS OF PARAGRAPH (2) OF THIS SUBSECTION, IF a member of a credit union fails to repay as due a loan made by the credit union, the credit union may impose any fine or other penalty for which the bylaws provide.

(2) IF ~~A MEMBER~~ AN INDIVIDUAL LEAVES EMPLOYMENT EITHER VOLUNTARILY OR INVOLUNTARILY~~,~~ AND IS A MEMBER OF A CREDIT UNION, AND AT THE TIME THE EMPLOYMENT IS TERMINATED THE INDIVIDUAL HAS A LOAN FROM THE CREDIT UNION, THE CREDIT UNION MAY NOT REQUIRE PAYMENT OF THE TOTAL OUTSTANDING BALANCE OF ~~ANY~~ THE LOAN MADE TO THE MEMBER EARLIER THAN 30 DAYS AFTER THE DATE OF THE TERMINATION OF EMPLOYMENT UNLESS THE MEMBER IS IN DEFAULT IN PAYMENT.

(c) If the borrower or the comaker or guarantor of a loan made by a credit union authorizes repayment of the loan through payroll deductions from the borrower's, comaker's, or guarantor's wages or earnings, the payroll deductions shall remain in effect and may not be terminated by the borrower, comaker, or guarantor until the loan has been repaid in full. However, the amount of the payroll deduction may not exceed the amount that could be attached under Title 15, Subtitle 6 of the Commercial Law Article.