

CHAPTER 94

(Senate Bill 41)

AN ACT to repeal and re-enact, with amendments, Sections 42 and 43 of Article 11 of the Annotated Code of Maryland, (1957 Edition), title "Banks and Trust Companies", sub-title "Savings Institutions", relating to the payment of dividends or interest by certain savings institutions in this State, and to the guarantee fund which is to be held by such institutions without impairment by the payment of interest and dividends, and correcting an error in this section.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That Sections 42 and 43 of Article 11 of the Annotated Code of Maryland, (1957 Edition), title "Banks and Trust Companies", sub-title "Savings Institutions", be and the same are hereby repealed and re-enacted, with amendments, to read as follows:

42. No savings institution shall, out of its net earnings in the course of any year, declare or pay any dividend or interest to its depositors, unless there shall be reserved and set aside, as a guarantee fund, an amount equivalent to at least ~~[one-eighth]~~ *one-quarter* of 1 per cent. per annum on the whole amount of deposits then held, until such guarantee fund shall amount to at least ~~[3]~~ 5 per cent. on the whole amount of deposits. The guarantee fund shall at all times be maintained for the protection of depositors ~~[, and shall never be impaired by the payment of any interest or dividends]~~.

43. The dividend or interest of the depositors in such savings institution shall be declared and paid from the net income or profits after deducting expenses for management, losses, necessary credits to premium account, taxes, and the amount reserved for guarantee fund, but this dividend shall not exceed such net income or profit remaining after the above deductions, nor shall it at any time impair the guarantee fund of ~~[3]~~ 5 per cent, provided for. In ascertaining the profits or earnings, no savings institution shall be required to charge off from the premium of bonds purchased or ~~[hold]~~ *held* more than an amount proportionate to the life of the bond ~~[, and in ascertaining the amount of said guarantee fund the assets shall not be valued above their market value]~~. *In evaluating the assets of the institution, the Commissioner may use such method for the evaluation of securities and other assets as may from time to time be adopted and approved by the Federal bank supervisory agencies.*

If the Commissioner at any time shall find that the guarantee fund is less than five per centum (5%) on the whole amount of the deposits in any such institution, he may cause said institution to reduce the interest rate paid or to be paid in an amount sufficient to restore the guarantee fund to the amount required by this article. No such institution, however, may be required to set aside more than one quarter of one per centum (1/4 of 1%) on the whole amount

EXPLANATION: *Italics indicate new matter added to existing law.*

[Brackets] indicate matter stricken from existing law.

CAPITALS indicate amendments to bill.

~~Strike out~~ indicates matter stricken out of bill.