

HOUSE BILL 568

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7lr2329

By: **Delegate Shoemaker**

Introduced and read first time: January 30, 2017

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions – Credit Unions – Liens and Rights to a Setoff**

3 FOR the purpose of altering the circumstances under which a credit union, without being
4 required to take any action to perfect a lien, has a lien and a right to a setoff on the
5 shares and deposits of a member in a certain account, to a certain extent; providing
6 that a credit union does not have a lien or a right to a setoff if a member has filed for
7 bankruptcy; and generally relating to liens and the right to a setoff on shares and
8 deposits of members of credit unions.

9 BY repealing and reenacting, with amendments,
10 Article – Financial Institutions
11 Section 6–314
12 Annotated Code of Maryland
13 (2011 Replacement Volume and 2016 Supplement)

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

16 **Article – Financial Institutions**

17 6–314.

18 (a) **(1)** [Without] **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
19 **SUBSECTION, WITHOUT** being required to take any action to perfect a lien, a credit union
20 has a lien and a right to a setoff on the shares and deposits of a member in any individual,
21 multiple party, or other type of account, including any dividends or interest payable on
22 those shares or deposits, to the extent of any delinquency or default of the member on:

23 **[(1)] (I)** Any outstanding loan, whether or not matured, on which the
24 member is liable to the credit union as maker, comaker, surety, or endorser; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 ~~[(2)] (II)~~ Any dues, charges, fees, fines, or other amount payable by the
2 member.

3 **(2) A CREDIT UNION DOES NOT HAVE A LIEN OR A RIGHT TO A SETOFF**
4 **UNDER PARAGRAPH (1) OF THIS SUBSECTION IF THE MEMBER HAS FILED FOR**
5 **BANKRUPTCY.**

6 (b) If a member resigns or is expelled, the credit union may cancel that member's
7 shares and apply their withdrawal value against any amount owed to the credit union by
8 the member.

9 (c) A credit union may allow a withdrawal of a member's shares or deposits
10 without affecting the credit union's lien or right to a setoff.

11 (d) A credit union may refuse to allow a withdrawal of a member's shares or
12 deposits to the extent of any delinquency or default of the member to the credit union.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 2017.