

## Office of the Commissioner of Financial Regulation

*Many Bills in the 2020 General Assembly pertained to Financial Regulation. Below are the bills that will impact the Office and its licensees.*

Bill Number	Bill Name	Effective Date	Description	Office of Financial Regulation Impact
SB14 Chapter 498	<a href="#">Financial Institutions - State Banks, Trust Companies, and Savings Banks - Incorporators</a>	Oct 1, 2020	Reduces the number of incorporators, from 5 to 3, required to form a Maryland chartered bank or trust company, and from 15 to 3 to form a Maryland chartered savings bank. Repeals the requirement that each incorporator be a citizen of Maryland, and instead requires that at least one be a citizen of Maryland. Repeals an existing provision that limits the number of directors that may be added to a commercial bank's board of directors and the process for doing so (no more than 2 additional directors at any one time on a vote by stockholders). Also makes conforming changes to the incorporation requirements for a State bank, trust company, or savings bank.	Initiated by the Commissioner, this law simplifies the corporate activities of state-chartered banks. The law modifies Financial Institutions Articles (§§ 3-402 and 3-407) so that the authority to adjust a bank board's size will default to the requirements as provided for General Corporations under Section 2-402(c)(2); providing that the majority of the directors then serving have the authority to alter the number of directors within the limits set by the bank's charter or bylaws. The Commissioner will issue an Advisory.
SB15 Chapter 499	<a href="#">Financial Institutions – Commissioner of Financial Regulation – Banking Institution Powers</a>	Oct 1, 2020	Requires state-regulated banks to provide the Commissioner with written notice at least 45 calendar days before engaging in any activity, service, or other practice authorized under federal law, but not expressly authorized under Maryland law. Notice must include a description of the proposed activity, service, or other practice, including (1) the specific authority used and (2) any condition that federal law requires (or allows) with respect to national banking associations. Banking institutions may begin to perform the activity, service, or other practice on the first business day after the 45th calendar day from the date the Office receives the required notice unless the Commissioner (1) specifies a	This law, initiated by the Commissioner, amends the so-called "wild card" law by simplifying the process that a State-chartered banking institution must follow to engage in any activity, service, or other practice in which federally chartered banks are authorized to engage, thereby easing the administrative tasks on the Office. The law eliminates the existing requirement that State banks must file an application with (and receive the approval of) the Office. Instead, the law allows a State banking institution to undertake an action within 45 calendar days after filing a notice of intention to do so with the Commissioner. The law

			<p>different date or (2) prohibits the activity, service, or other practice. The Commissioner may extend the 45-day period under the law if it determines that the banking institution's notice requires additional information or additional time for analysis. The Office retains its power to prohibit a banking institution from performing the activity, service, or other practice described in the notice if it determines that the same would (1) adversely affect the safety and soundness of the banking institution; (2) be detrimental to the welfare of the general economy of the State; or (3) be detrimental to the public interest or to banking institutions.</p>	<p>aligns the State with many other states that have similar parity laws. The Office will modify its administrative procedures in order to facilitate prompt notice review and processing. The Commissioner will issue guidance via an Advisory.</p>
<p>SB155 HB93 Chapter 49</p>	<p><a href="#">Consumer Protection - Mobile Home Purchasers</a></p>	<p>Oct 1, 2020</p>	<p>Establishes several requirements related to manufactured home financing. Specifically, the law (1) codifies the federal definition of "dwelling" and establishes a State definition of "mobile home;" (2) imposes upon mobile home retailers a duty of good faith and fair dealing, which requires them to provide financial disclosures and other information to a prospective consumer borrower and prohibits them from steering a prospective consumer borrower to certain financing products; and (3) generally requires a foreclosure notice to be provided at least 30 days prior to a lender or credit grantor initiating repossession on a mobile home unless the mobile home is vacant and abandoned or if the borrower voluntarily surrenders the mobile home to the lender or credit grantor. Any notice given less than 30 days before repossession must be accompanied by a certification that the mobile home is vacant and abandoned, or has been surrendered. Alters the definition of "mortgage loan originator" to exclude an individual who is a retailer of mobile homes (or an employee thereof) if either, as applicable, does not receive direct or indirect compensation from engaging in</p>	<p>This law, initiated by the Commissioner upon the recommendation of the Maryland Financial Consumer Protection Commission, provides enhanced consumer protections to Maryland residents. The Office is now authorized to investigate any complaints against mobile home retailers received from consumers as a result of the law and anticipates that the new requirements will generate additional consumer complaints. The Office will modify its administrative processes in order to facilitate complaint intake, as well as its tracking and reporting processes and procedures. The Office may enforce these requirements by exercising any of its investigative and enforcement powers delineated in §§ 2-113 through 2-116 of the Financial Institutions Article. A consumer disclosure statement form will be prescribed by the Office. If a mobile home retailer fails to comply with the law's requirements, the validity of an otherwise valid financing transaction is not affected. The Commissioner will issue an Advisory.</p>

			mortgage loan origination activities as defined under the Financial Institutions Article (see §11-601(q)(1)).	
SB409 HB774 Chapter 321	<a href="#">Financial Institutions - Commissioner of Financial Regulation - Nondepository Special Fund</a>	July 1, 2020	House Bill 777 (Senate Bill 694), enacted into Maryland law last year, authorized the Office to investigate complaints regarding credit card processors and merchant processing agreements under the Commercial Law Article. The law did not authorize the Office to utilize the Nondepository Special Fund for those investigations. This law serves as a technical amendment to Chapter 296 of 2019 (House Bill 777, Senate Bill 694) and gives the Commissioner the authority to use nondepository special funds to cover the costs of carrying out investigations and enforcement activity under Title 12, Subtitle 14 of the Commercial Law Article accordingly.	This law authorizes the Commissioner to use appropriations from the Nondepository Special Fund, which funds the majority of Office operations, to cover the direct (and indirect) costs of fulfilling the statutory and regulatory duties of the Office related to investigating complaints of violations by credit card processors under Title 12, Subtitle 14 of the Commercial Law Article.
SB778 HB1033 Chapter 412	<a href="#">Vehicle Laws - Liens - Electronic Recording</a>	Jan 1, 2021	Adds a provision to § 12-622 of the Commercial Law Article (Installment Sales – Cancellation of Contract and Release of Security) regarding a holder of any security interest and their release of those security interests after the borrower has paid all sums due under an agreement. Provides that if said release pertains to a motor vehicle, that release shall be filed electronically with the Motor Vehicle Administration within five (5) business days in accordance with § 13-108.1 of the Transportation Article. This provision is also added to § 12-1024 of the Commercial Law Article (Credit Grantor Closed End Credit Provisions – Requirements upon Loan Repayment) and applies to the same extent.	This law does not impact the Commissioner’s Office operationally or fiscally. The law provides, under § 13-108.1 of the Transportation Article, the Motor Vehicle Administration (MVA) shall develop and implement an electronic system for the recording and releasing of security interests; authorizes the MVA to make certain information available electronically; authorizes certain parties to submit to the MVA electronic lien information on behalf of other parties.

<p>SB939 HB1196 Chapter 444</p>	<p><a href="#">Financial Institutions - Check Cashing Services - Registration and Dissemination of Information</a></p>	<p>July 1, 2020 Oct 1, 2020</p>	<p>Repeals an exemption for specified check cashing entities from licensure requirements; authorizes certain check cashing entities to provide services by registering (rather than by obtaining licensure) with the Office of the Commissioner of Financial Regulation; requires the check cashing service to provide the Office with certain information, through the Nationwide Multistate Licensing System and Registry (NMLS), to register as a check cashing service; generally subjects check cashing registrants to the same enforcement powers as check cashing licensees.</p>	<p>This law provides the Commissioner with additional supervisory, investigatory, and enforcement authority over certain check cashers who were previously exempt from licensure requirements but must now either (1) obtain a license or (2) register with the Office, depending on their business practices. The Commissioner will issue an Advisory notifying those affected by the law beginning July 1, 2020, in anticipation of the law taking effect October 1, 2020.</p>
<p>HB304 Chapter 160</p>	<p><a href="#">Consumer Protection - Unfair, Abusive, or Deceptive Trade Practices - Exploitation of Vulnerable Adults</a></p>	<p>Oct 1, 2020</p>	<p>Establishes that a violation of § 8-801 of the Criminal Law Article regarding the exploitation of a vulnerable adult is an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA) and subject to the MCPA's civil and criminal penalty provisions; authorizes the Office of the Attorney General's Division of Consumer Protection to bring an action against a person who violates those provisions regarding the exploitation of a vulnerable adult.</p>	<p>This law does not impact the Commissioner's Office directly as the Office of the Attorney General is primarily responsible for enforcement of MCPA.</p>
<p>HB314 Chapter 163</p>	<p><a href="#">Real Property - Lien Priority of Refinance Mortgages - Exception for Government Junior Mortgages</a></p>	<p>Jun 1, 2020</p>	<p>Requires those who refinance first lien residential mortgages to seek the approval of any government agency that holds a lien securing a 0% interest loan on the same property prior to refinancing the indebtedness or else the refinanced lien loses its priority to the government indebtedness. Thus mortgage lenders, in order to preserve their lien priority, must seek the approval of government agencies holding subordinate liens before they refinance the mortgage or deed of trust that secures the property. The law takes effect on June 1, 2020, and affects applications to refinance any mortgage recorded on or after that date.</p>	<p>This law has a minor operational impact on the Commissioner's Office as it requires the Office to publicize the enactment of the law to regulated lenders and the public. It also requires adding processes, as appropriate, to the Commissioner's examination procedures for entities involved in mortgage lending. The Commissioner will issue an Advisory.</p>

<p>HB365 SB425 Chapter 183</p>	<p><a href="#">Debt Collection - Exemptions From Attachment and Execution</a></p>	<p>Oct 1, 2020</p>	<p>Alters the amount of wages of a judgment debtor that are exempt from attachment: the greater of 75% of the disposable wages due, or thirty (30) times the State minimum hourly wage in effect at the time the wages are due, multiplied by the number of weeks during which the wages due were earned; repeals provisions that only apply in Caroline, Kent, Queen Anne's, and Worcester counties. Applies prospectively and may not be applied or interpreted to affect or apply to any writ of garnishment or writ of execution issued before its October 1, 2020 effective date.</p>	<p>This law does not impact the operations of the Commissioner's Office; however, the Office will issue an Advisory to collection agencies who are licensed with the Office.</p>