

SENATE BILL 878

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2lr2785
CF HB 1049

By: **Senator Waldstreicher**

Introduced and read first time: February 7, 2022

Assigned to: Judicial Proceedings

Committee Report: Favorable

Senate action: Adopted

Read second time: March 4, 2022

CHAPTER _____

1 AN ACT concerning

2 **Maryland Trust Act – Trustee Liability – Release by Interested Parties**

3 FOR the purpose of altering a provision of law providing that a trustee seeking a release of
4 the trustee from liability for administration of a trust send a certain interested party
5 a certain report; providing for the submission of a statement by an interested party
6 to a trust under the Maryland Trust Act that the interested party does not object to
7 the release from liability of a trustee for administration of the trust under certain
8 circumstances; authorizing the distribution of trust property when all interested
9 parties submit a certain statement; and generally relating to the Maryland Trust
10 Act and trustee liability.

11 BY repealing and reenacting, with amendments,
12 Article – Estates and Trusts
13 Section 14.5–907
14 Annotated Code of Maryland
15 (2017 Replacement Volume and 2021 Supplement)

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

18 **Article – Estates and Trusts**

19 14.5–907.

20 (a) In this section, “interested party” means a beneficiary, representative of a

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 beneficiary, co-trustee, successor trustee, or any other person having an interest in or
2 authority over a trust.

3 (b) A trustee is not liable to a beneficiary for breach of trust if the beneficiary
4 consented to the conduct constituting the breach, released the trustee from liability for the
5 breach, or ratified the transaction constituting the breach, unless:

6 (1) The consent, release, or ratification of the beneficiary was induced by
7 improper conduct of the trustee; or

8 (2) At the time of the consent, release, or ratification, the beneficiary did
9 not know of the rights of the beneficiary or of the material facts relating to the breach.

10 (c) (1) When a trust terminates in accordance with the terms of the trust or
11 Subtitle 4 of this title, or on the removal or resignation of a trustee in accordance with the
12 terms of the trust or Subtitle 7 of this title, a trustee may elect to follow the procedures set
13 forth in this subsection concerning the release of the trustee from liability for the
14 administration of the trust.

15 (2) A trustee seeking a release of the trustee from liability under this
16 subsection shall send to [each] **THE** interested party **FROM WHOM THE TRUSTEE IS**
17 **SEEKING THE RELEASE**, by first-class[,] **AND** certified mail, return receipt requested, a
18 report that:

19 (i) Informs the interested party that the trust is terminating or that
20 the trustee has resigned or has been removed;

21 (ii) Provides the interested party:

22 1. An accounting of the trust, such as account statements, for
23 the immediately preceding 5 years;

24 2. An estimate of any trust property or interests reasonably
25 anticipated but not yet received or disbursed; and

26 3. The amount of any fees, including trustee fees, remaining
27 to be paid; and

28 (iii) Notifies the interested party that:

29 1. The interested party may submit **WITHIN 120 DAYS**
30 **AFTER THE TRUSTEE MAILED THE REPORT:**

31 **A.** A written objection to the trustee regarding the trustee's
32 administration of the trust [within 120 days after the trustee mailed the report]; **OR**

1 **B. A WRITTEN STATEMENT TO THE TRUSTEE THAT THE**
2 **INTERESTED PARTY DOES NOT OBJECT;**

3 2. If the interested party does not submit a written objection
4 to the trustee within 120 days after the trustee mailed the report, the interested party shall
5 be deemed to have released the trustee and consented to and ratified all actions of the
6 trustee; and

7 3. The trustee is unaware of any undisclosed information
8 that could give rise to a claim by an interested party.

9 (d) [If an interested party does not submit a written objection to the trustee
10 within 120 days after the trustee mailed the report, the] **AN interested party TO WHOM A**
11 **REPORT WAS SENT UNDER SUBSECTION (C)(2) OF THIS SECTION** shall be deemed to
12 have released the trustee and consented to and ratified all actions of the trustee **IF, WITHIN**
13 **120 DAYS AFTER THE TRUSTEE MAILED THE REPORT, THE INTERESTED PARTY:**

14 **(1) DOES NOT SUBMIT A WRITTEN OBJECTION TO THE TRUSTEE; OR**

15 **(2) SUBMITS A WRITTEN STATEMENT TO THE TRUSTEE THAT THE**
16 **INTERESTED PARTY DOES NOT OBJECT.**

17 (e) **(1) [If] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF** no
18 interested party **TO WHOM A REPORT WAS SENT UNDER SUBSECTION (C)(2) OF THIS**
19 **SECTION** submits a written objection to the trustee within 120 days after the trustee
20 mailed the report, the trustee shall distribute the trust property to the appropriate
21 successors in interest within a reasonable period of time.

22 **(2) IF EACH INTERESTED PARTY TO WHOM A REPORT WAS SENT**
23 **UNDER SUBSECTION (C)(2) OF THIS SECTION PROVIDES A WRITTEN STATEMENT IN**
24 **ACCORDANCE WITH SUBSECTION (D)(2) OF THIS SECTION, THE TRUSTEE MAY**
25 **DISTRIBUTE THE TRUST PROPERTY TO THE APPROPRIATE SUCCESSORS IN**
26 **INTEREST WITHIN THE 120-DAY PERIOD AFTER THE MAILING OF THE REPORT.**

27 (f) If an interested party **TO WHOM A REPORT WAS SENT UNDER SUBSECTION**
28 **(C)(2) OF THIS SECTION** submits a written objection to the trustee within 120 days after
29 the trustee mailed the report, the objection may be:

30 (1) Submitted to the court, with notice to all interested parties **TO WHOM**
31 **A REPORT WAS SENT UNDER SUBSECTION (C)(2) OF THIS SECTION**, to commence a
32 proceeding for resolution of the objection; or

33 (2) Resolved by the agreement of all interested parties **TO WHOM A**
34 **REPORT WAS SENT UNDER SUBSECTION (C)(2) OF THIS SECTION** and the trustee, in
35 accordance with applicable laws.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2022.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.