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**By: Delegates Frank, Krysiak, and Barve**  
Introduced and read first time: January 18, 1996  
Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law - Dishonored Checks - Notice of Rights**

3 FOR the purpose of requiring a bank under certain circumstances to send a notice of  
4 rights and remedies to a customer who deposits a check that is dishonored for  
5 nonpayment; establishing certain requirements for the notice; making stylistic  
6 changes; and generally relating to dishonored checks.

7 BY repealing and reenacting, with amendments,  
8 Article - Commercial Law  
9 Section 3-514  
10 Annotated Code of Maryland  
11 (1992 Replacement Volume and 1995 Supplement)

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

14 **Article - Commercial Law**

15 3-514.

16 (1) Notwithstanding any other provisions of this article, §§ 3-512 and 3-513 of  
17 this subtitle do not apply to [any] A check:

18 [(i)] (A) Tendered by a maker or drawer in complete or partial satisfaction  
19 of a preexisting credit or loan obligation incurred by the maker or drawer under Title 12  
20 of this article; or

21 [(ii)] (B) That is not a bad check as described under Article 27, § 141 of the  
22 Code.

23 (2) Notwithstanding any other provision of this article, §§ 3-512 and 3-513 of this  
24 subtitle shall be construed to grant [any] A holder to whom the check or other  
25 instrument was issued or negotiated a right of recourse which is alternative to any other  
26 right of recourse granted to [that] THE holder under this title.

27 (3) (A) A BANK THAT SENDS A CUSTOMER NOTICE THAT A CHECK  
28 DEPOSITED BY THE CUSTOMER HAS BEEN DISHONORED FOR NONPAYMENT SHALL  
29 ALSO SEND THE CUSTOMER NOTICE OF THE RIGHTS AND REMEDIES PROVIDED IN §§  
30 3-512 AND 3-513 OF THIS SUBTITLE.

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1                   (B) A NOTICE OF RIGHTS AND REMEDIES SENT UNDER THIS  
2 SUBSECTION MUST BE IN PLAIN ENGLISH AND INCLUDE SUFFICIENT DETAIL TO  
3 INSTRUCT THE CUSTOMER ON:

4                   (I) HOW TO COLLECT PAYMENT FOR THE DISHONORED CHECK;  
5 AND

6                   (II) HOW TO SEEK DAMAGES FROM THE MAKER OR DRAWER OF  
7 THE DISHONORED CHECK.

8                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 October 1, 1996.