
By: Delegates Arnick and Kagan

Introduced and read first time: February 2, 1996

Assigned to: Commerce and Government Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 5, 1996

CHAPTER ____

1 AN ACT concerning

2 **Credit Regulation - Revolving Credit Plan - Origination Fees**

3 FOR the purpose of authorizing a credit grantor of an open end credit plan that is
4 secured by real property to charge an origination fee not to exceed a certain
5 percentage of the initial advance made under the plan; and generally relating to
6 secured open end credit plans.

7 BY repealing and reenacting, with amendments,
8 Article - Commercial Law
9 Section 12-905(b) and (e)
10 Annotated Code of Maryland
11 (1990 Replacement Volume and 1995 Supplement)

12 BY adding to
13 Article - Commercial Law
14 Section 12-905(g)
15 Annotated Code of Maryland
16 (1990 Replacement Volume and 1995 Supplement)

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

19 **Article - Commercial Law**

20 12-905.

21 (b) Except as provided in [subsection] SUBSECTIONS (f) AND (G) of this section,
22 with respect to a secured open end credit plan, fees or charges may not be imposed on a
23 consumer borrower in addition to interest or finance charges except for actual and

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1 verifiable fees incurred by the credit grantor and not retained by the credit grantor for the
2 following:

3 (1) Attorney's fees for services rendered in connection with the preparation,
4 closing, or disbursement of the loan;

5 (2) Any expense, tax, or charge paid to a governmental agency;

6 (3) Examination of title, appraisal, or other costs necessary or appropriate
7 to the security of the loan; and

8 (4) Premiums for any insurance coverage permitted under this subtitle.

9 (e) For purposes of this section, the additional charges listed in subsections (a),
10 (b), [and] (f), AND (G) of this section are not interest or finance charges with respect to
11 a plan.

12 (G) A CREDIT GRANTOR OF AN OPEN END CREDIT PLAN THAT IS SECURED BY
13 REAL PROPERTY MAY CHARGE AN ORIGINATION FEE NOT TO EXCEED 2% OF THE
14 INITIAL ADVANCE MADE UNDER THE PLAN.

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