

HOUSE BILL 698

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2000 Regular Session  
0lr2017  
CF 0lr1928

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By: **Delegates McIntosh, Arnick, and Wood**  
Introduced and read first time: February 10, 2000  
Assigned to: Commerce and Government Matters

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Committee Report: Favorable  
House action: Adopted  
Read second time: March 20, 2000

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CHAPTER 631

1 AN ACT concerning

2                                   **Commercial Law - Revolving Credit Plans - Access to Home Equity Credit**  
3                                   **Through Use of Credit Device**

4 FOR the purpose of repealing a certain provision of law that prohibits a revolving  
5 credit plan from being secured by a lien on residential real property under  
6 certain circumstances.

7 BY repealing and reenacting, with amendments,  
8 Article - Commercial Law  
9 Section 12-902  
10 Annotated Code of Maryland  
11 (1990 Replacement Volume and 1999 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 12-902.

16 (a) Any credit grantor may, subject to the other provisions of this subtitle:

17 (1) Offer and extend credit under a revolving credit plan to a borrower  
18 and in that connection charge and collect the interest, finance charges, and other  
19 charges permitted by this subtitle;

20 (2) (i) Take any security as collateral as may be acceptable to the  
21 credit grantor.

1 (ii) If real property is taken as security, the credit grantor shall  
2 record the entire line of credit when the credit plan is established.

3 (b) Without limiting subsection (a) of this section, credit may be extended  
4 under a revolving credit plan by a credit grantor's acquisition of obligations arising  
5 out of the honoring of a credit device made available to a borrower under a plan,  
6 whether directly or indirectly by means of telephone, point of sale terminal,  
7 automated teller machine or other electronic or similar device, or through the mails,  
8 by:

9 (1) A merchant;

10 (2) A bank or other financial institution chartered or organized under  
11 the laws of this or any other state, the District of Columbia, the United States or any  
12 district, territory, or possession of the United States, or any foreign country;

13 (3) Any other person or entity; or

14 (4) A government or governmental subdivision or agency.

15 [(c) Notwithstanding subsections (a) and (b) of this section, a revolving credit  
16 plan may not be secured by a lien on residential real property if the plan is accessed  
17 through the use of a credit device through which the credit grantor acquires purchase  
18 obligations incurred by the honoring of the credit device.]

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
20 October 1, 2000.