

Article - Commercial Law

[Previous][Next]

§12-618.

(a) In this section, “add-on contract” means an installment sale agreement which allows the inclusion in it of additional goods subsequently purchased and under which the amount due on the subsequent purchase is combined with an unpaid balance on any prior purchase so as to permit the seller to retain a security interest in all goods under that agreement.

(b) If goods are purchased under an add-on contract, the seller shall deliver to the buyer and attach to the add-on contract, at the time of the additional purchase, a statement which:

(1) Contains all information regarding the additional purchase required by § 12-606 of this subtitle; and

(2) Shows:

(i) The amount due on the installment sale agreement immediately before the additional purchase;

(ii) The amount due after the additional purchase;

(iii) The payments agreed to be made subsequently; and

(iv) The number of additional months required to complete the payments.

(c) (1) If a payment is made on an add-on contract after an additional purchase is added, the payment is considered as applied to each of the separate purchases in the same proportion which the cash price of each purchase bears to the total cash price of all goods in which the seller retains a security interest.

(2) Before repossessing or attempting to repossess any goods under an add-on contract, the seller shall apply all payments made to him by the buyer in the manner provided by paragraph (1) of this subsection.

(3) If the amount due on any separate purchase is paid fully, the goods paid for are the absolute property of the buyer and may not be subject to repossession for any subsequent default on the agreement.

(d) The buyer under an add-on contract may prepay at any time the amount due on any of the separate purchases in the manner provided by § 12-620 of this subtitle.

(e) If the goods subject to an add-on contract are repossessed, the buyer may redeem any of the separate purchases by payment of the amount due on that purchase

alone.

[Previous][Next]