

Article - Commercial Law

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§12–912.

(a) A credit grantor may, if the agreement governing a revolving credit plan permits, at any time amend the terms of the agreement in accordance with the provisions of this section including:

(1) The terms governing the periodic percentage rate used to calculate interest or finance charges;

(2) The method of computing the outstanding unpaid indebtedness to which the rate is applied;

(3) The amounts of other charges; and

(4) The applicable repayment schedule.

(b) (1) The credit grantor shall notify each affected borrower of an amendment in the manner set forth in the agreement governing the plan and in compliance with the requirements of the federal Truth in Lending Act, and regulations promulgated thereunder. If the amendment has the effect of increasing the interest, finance charges, or other fees and charges to be paid by the borrower, including, but not limited to those enumerated in § 12–905 of this subtitle, the credit grantor shall mail or deliver to the borrower, at least 25 days before the effective date of the amendment, a clear and conspicuous written notice which shall describe the amendment, including:

(i) A clear statement comparing the original terms and the terms under the amended agreement; and

(ii) Any other pertinent information required by the provisions of this section.

(2) If the amendment has the effect of increasing the interest, finance charges, or other charges to be paid by the borrower, the amendment shall become effective as provided in subsections (c) and (d) of this section.

(c) (1) Subject to the provisions of this paragraph, an amendment made under this section shall become effective as to a particular borrower on:

(i) The first day of the billing cycle during which the effective date of the amendment occurs; or

(ii) Any later date specified in the notice of amendment.

(2) After receiving the notice of amendment under subsection (b) of this section, the borrower may send a signed, written notice of refusal to the creditor that

the borrower refuses to accept the amendment.

(3) The notice of refusal sent by the borrower may be accompanied by a payment on the borrower's account and shall be mailed within 25 days of the mailing of the notice of amendment.

(4) Any borrower who gives timely notice of refusal may use the account pursuant to its original, unamended terms for:

(i) 1. The duration of the time for which a fee was paid for use of the plan through the borrower's credit device; or

2. Any longer period of time as determined by the credit grantor; or

(ii) If no fee is paid for use of the plan or if the remaining time period for which a fee was paid for use of the plan through the borrower's credit device is less than 3 months, a period of time of not less than 3 months from the date of mailing of the notice of refusal.

(5) At the expiration of the periods provided under paragraph (4) of this subsection, the borrower who has given a timely notice of refusal may pay any outstanding unpaid indebtedness in the account under the terms of the unamended agreement governing the plan.

(6) A credit grantor amending the agreement governing a revolving credit plan under this subsection shall include in the notice of amendment under subsection (b) of this section a statement in at least 10 point type that:

(i) If a written notice of refusal from the borrower in which the borrower refuses to accept the amendment is not received by the credit grantor within 25 days of the mailing of the notice of amendment, the amendment will become effective on the first day of the billing cycle during which the effective date of the amendment occurs or at any later date specified in the notice of amendment;

(ii) Enumerates the borrower's rights under paragraphs (4) and (5) of this subsection upon timely notice of refusal by the borrower; and

(iii) Includes the address to which the borrower may send notice of a refusal.

(7) The notice of amendment under subsection (b) of this section shall be enclosed in an envelope that contains on its face a statement in 10 point type that an important notice of an increase in rates or fees of the revolving credit plan is enclosed.

(d) (1) Notwithstanding subsection (c) of this section, at the election of the credit grantor, an amendment made under this section may become effective as to a particular borrower on the first day of the billing cycle in which the borrower:

(i) Makes a purchase or obtains a loan under the plan, after the date specified in the notice of amendment which is not less than 25 days after the date the notice of amendment was mailed; or

(ii) Sends a notice of agreement to the credit grantor in which the borrower expressly agrees to the amendment.

(2) In addition to the requirements of subsection (b) of this section, a credit grantor electing to amend the agreement governing a revolving credit plan under this subsection shall include in the notice of amendment a statement that the amendment will become effective on the first date of the billing cycle during which the borrower:

(i) Makes a purchase or obtains a loan under the plan, so long as the purchase is made or the loan is obtained after a specific date which is at least 25 days after the mailing of the notice of amendment; or

(ii) Sends a notice of agreement to the credit grantor in which the borrower expressly agrees to the amendment.

(3) A borrower who receives a notice of amendment under this subsection may pay any outstanding unpaid indebtedness in the account under the terms of the unamended agreement governing the plan if the borrower does not:

(i) Make any purchase or obtain any loan under the plan after the date specified in the notice of amendment; or

(ii) Send a notice of agreement to the credit grantor in which the borrower expressly agrees to the amendment.

(e) If the terms of the agreement governing the plan, as originally drawn or as amended provide, any amendment may, on and after the date on which it becomes effective as to a particular borrower, apply to all then outstanding unpaid indebtedness in the borrower's account under the plan, including any indebtedness which shall have arisen out of purchases made or loans obtained prior to the effective date of the amendment.

(f) For purposes of this section, a decrease in the required amount of scheduled payments shall not be deemed an amendment which has the effect of increasing the interest or finance charges to be paid by the borrower.

(g) The procedures for amendment by a credit grantor of the terms of a plan to which a nonconsumer borrower is a party may, notwithstanding the provisions of this section, be as the agreement governing the plan may otherwise provide.

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