

## Article - Commercial Law

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§14–1302.

- (a) (1) In this section the following words have the meanings indicated.
- (2) “Amounts paid by the debtor” shall include all amounts paid by the debtor and any remaining amount due under the contract.
- (3) “Business arrangement” means any understanding, procedure, course of dealing, or arrangement, formal or informal, between a creditor and a seller, in connection with the sale of goods or services to consumers or the financing thereof.
- (4) “Consumer” means a natural person who seeks or acquires goods or services for personal, family, or household use.
- (5) “Consumer credit contract” means any instrument which evidences or embodies a debt arising from a “purchase money loan” transaction or a “financed sale” as defined in paragraphs (9) and (11) of this subsection.
- (6) “Contract” means any oral or written agreement, formal or informal, between a creditor and a seller, which contemplates or provides for cooperative or concerted activity in connection with the sale of goods or services to consumers or the financing thereof.
- (7) “Credit card issuer” means a person who extends to cardholders the right to use a credit card in connection with purchases of goods or services.
- (8) “Creditor” means a person who, in the ordinary course of business, lends purchase money or finances the sale of goods or services to consumers on a deferred payment basis if that person is not acting, for the purposes of a particular transaction, in the capacity of a credit card issuer.
- (9) “Financing a sale” means extending credit to a consumer in connection with a “credit sale” within the meaning of the Truth in Lending Act and Regulation Z.
- (10) “Person” means an individual, corporation, or any other business organization.
- (11) “Purchase money loan” means a cash advance which is received by a consumer in return for a “finance charge” within the meaning of the Truth in Lending Act and Regulation Z, which is applied, in whole or substantial part, to a purchase of goods or services from a seller who (i) refers consumers to the creditor or (ii) is affiliated with the creditor by common control, contract, or business arrangement.
- (12) “Seller” means a person who, in the ordinary course of business, sells goods or services to consumers.

(b) In connection with any sale or lease in this State of goods or services to consumers, it is an unfair or deceptive trade practice within the meaning of Title 13 of this article for a seller, directly or indirectly, to:

(1) Take or receive a consumer credit contract which fails to contain the following provision in at least ten point, boldface type:

NOTICE

Any holder of this consumer credit contract is subject to all claims and defenses which the debtor could assert against the seller of goods or services obtained pursuant hereto or with the proceeds hereof. Recovery hereunder by the debtor shall not exceed amounts paid by the debtor hereunder.

Or,

(2) Accept, as full or partial payment for such sale, the proceeds of any purchase money loan, unless any consumer credit contract made in connection with such purchase money loan contains the following provision in at least ten point, boldface type:

NOTICE

Any holder of this consumer credit contract is subject to all claims and defenses which the debtor could assert against the seller of goods or services obtained with the proceeds hereof. Recovery hereunder by the debtor shall not exceed amounts paid by the debtor hereunder.

(c) The provisions of this section do not apply where the seller:

(1) Does not require a consumer credit contract which is a negotiable instrument or which contains any provision pursuant to which the consumer agrees to limit or waive claims or defenses which he may have against the seller as to any holder of the consumer credit contract; and

(2) Does not transfer, sell, pledge or assign a consumer credit contract except under conditions where any transferee is subject to all claims and defenses which the consumer has against the seller to the same extent as provided in this section.

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