

Article - Commercial Law

[Previous][Next]

§14–1315.

(a) (1) In this section the following words have the meanings indicated.

(2) “Consumer contract” means a contract involving the sale, lease, or provision of goods or services which are for personal, family, or household purposes.

(3) “Contract”, unless specifically provided otherwise, includes consumer, commercial, and business contracts, covenants, leases of any kind, and tariffs on file with any regulatory authority.

(4) (i) “Late fee” means any charge or fee imposed because a payment is not made when the payment is due under the terms of a contract.

(ii) “Late fee” includes a fee imposed under subparagraph (i) of this paragraph that is described:

1. As a flat rate;
2. As a percentage of the amount due; or
3. In any other terms.

(b) The parties to a contract may agree to require the payment of a late fee when a party fails to make a payment when the payment is due.

(c) A contract that requires the payment of a late fee shall disclose, by its terms or by notice:

- (1) The amount of the late fee;
- (2) The conditions under which the late fee will be imposed; and
- (3) The timing for the imposition of the late fee.

(d) A late fee imposed under this section is not:

- (1) Interest;
- (2) A finance charge;
- (3) Liquidated damages; or
- (4) A penalty.

(e) This section does not affect a late fee, a finance charge, interest, or any other

fee or charge otherwise allowed under applicable law.

(f) (1) A late fee included in a consumer contract pursuant to this section is subject to one of the following limitations:

(i) 1. The amount of the late fee may be up to \$5 per month, or up to 10% per month of the payment amount that is past due, whichever is greater; and

2. No more than 3 monthly late fees may be imposed for any single payment amount that is past due, regardless of the period during which the payment remains past due; or

(ii) The amount of the late fee may be up to 1.5% per month of the payment amount that is past due.

(2) The amount of the late fee under paragraph (1) of this subsection shall be disclosed, in the consumer contract or by notice, in size equal to at least 10-point bold type.

(3) (i) Except as provided in subparagraph (ii) of this paragraph, a late fee included in a consumer contract pursuant to this section may not be imposed until 15 days after the date the bill was rendered for the goods or services provided.

(ii) If a bill is not rendered, a late fee included in a consumer contract pursuant to this section may not be imposed until 15 days after the payment amount becomes due.

(g) A late fee imposed under this section is subject to any additional limitations or conditions prescribed by any federal, State, or local regulatory agency or authority having jurisdiction over entities imposing late fees regulated by this section.

[Previous][Next]