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§14–407.

(a) It is the policy of the State to encourage:

(1) A guarantor voluntarily to establish procedures whereby a guaranty dispute is fairly and expeditiously settled through informal dispute settlement procedures; and

(2) A provider voluntarily to establish procedures whereby a service contract dispute is fairly and expeditiously settled through informal dispute settlement procedures.

(b) A guarantor or provider who establishes informal dispute settlement procedures may elect to settle guaranty disputes or service contract disputes, as the case may be, in cooperation with any private agency or the Consumer Protection Division of the Attorney General's office.

(c) The guarantor or provider is liable to the person guaranteed for any wrongful breach of a guaranty or wrongful breach of a service contract, as the case may be, and is under a duty to:

(1) Perform as required under this subtitle; and

(2) Compensate the person guaranteed for all reasonable incidental expenses incurred as a result of the breach.

(d) (1) If the guarantor or provider breaches any duties under this subtitle, the person guaranteed may file an action in any court of competent jurisdiction.

(2) (i) Except as provided in paragraph (3) of this subsection, if the person guaranteed prevails in an action filed under this subsection, the court shall include in the amount of the judgment a sum equal to the aggregate amount of costs and expenses which have been reasonably incurred by the person guaranteed for or in connection with the action filed.

(ii) These costs and expenses shall include attorney's fees based on actual time expended, unless the court finds that an award of attorney's fees would be inappropriate.

(3) The person guaranteed is not entitled to costs and expenses, if:

(i) The guarantor or provider affords the person guaranteed a reasonable opportunity to settle informally in accordance with subsection (a) of this section; and

(ii) The person guaranteed fails to so settle.

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