SENATE BILL 527

I2 7 lr 3 270CF HB 1270 By: Senator Middleton Introduced and read first time: February 1, 2017 Assigned to: Finance Committee Report: Favorable Senate action: Adopted Read second time: March 26, 2017 CHAPTER AN ACT concerning Credit Regulation – Unsecured Open End Credit Plans – Fees and Charges FOR the purpose of providing that certain fees and charges permitted to be imposed on a certain consumer borrower under a certain unsecured open end credit plan, when combined with any interest charged under the plan, may not exceed a certain effective rate of interest; making a conforming change; and generally relating to the regulation of fees and charges under unsecured open end credit plans. BY repealing and reenacting, with amendments, Article – Commercial Law Section 12–905 Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement) SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows: Article - Commercial Law 12 - 905.With respect to an unsecured open end credit plan, fees or charges may not be imposed on a consumer borrower in addition to interest or finance charges as permitted by this subtitle, except as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

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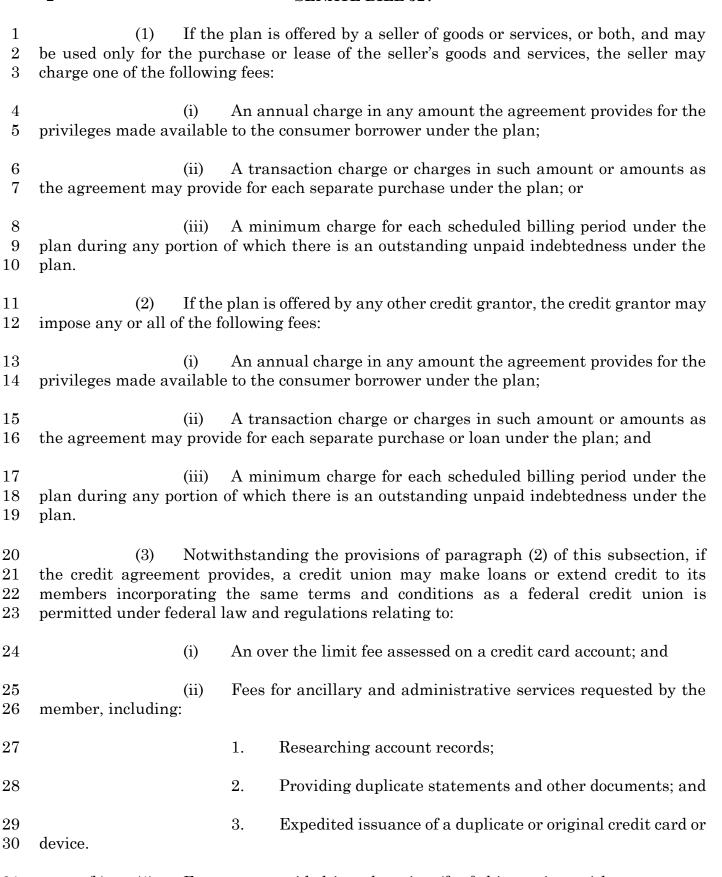
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Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.





31 (b) (1) Except as provided in subsection (f) of this section, with respect to a secured open end credit plan, fees or charges may not be imposed on a consumer borrower

in addition to interest or finance charges except for actual and verifiable fees incurred by 1 2the credit grantor and not retained by the credit grantor for the following: 3 Attorney's fees for services rendered in connection with the preparation, closing, or disbursement of the loan; 4 5 (ii) Any expense, tax, or charge paid to a governmental agency; 6 (iii) Examination of title, appraisal, or other costs necessary or 7 appropriate to the security of the loan; and Premiums for any insurance coverage permitted under this 8 (iv) 9 subtitle. 10 (2)The additional fees or charges permitted under this subsection may be imposed, charged, and collected at any time. 11 12 If a plan is established for a consumer borrower, a fee or charge may not be 13 charged or collected unless the agreement concerning the plan permits the fee to be charged. 14 If a plan is established for a nonconsumer borrower, the nonconsumer 15 borrower and credit grantor may agree upon any terms concerning charges and fees. 16 17 (e) **(1)** For purposes of this section, the additional charges listed in subsections [(a)] (A)(1) AND (3), (b), and (f) of this section are not interest or finance charges with 18 19 respect to a plan. 20 **(2)** ANY FEES OR CHARGES PERMITTED UNDER SUBSECTION (A)(2) 21OF THIS SECTION, WHEN COMBINED WITH ANY INTEREST CHARGED, MAY NOT 22 EXCEED AN EFFECTIVE RATE OF 33% PER ANNUM SIMPLE INTEREST. 23 Subject to the provisions of paragraphs (2) through (8) of this 24subsection, a credit grantor of an open end credit plan that is secured by a deposit, savings, passbook, or other similar account or certificate of deposit may impose: 25 26 (i) An application fee not to exceed \$35; and 27 An annual charge not to exceed \$35 for the privileges made 28available to the consumer borrower under the plan. 29 **(2)** If an application to the plan is approved, the credit grantor shall credit 30 the application fee:

To the initial annual charge; and

(i)

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