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**By: Delegates Arnick and Kagan**

Introduced and read first time: February 2, 1996

Assigned to: Commerce and Government Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Credit Regulation - Revolving Credit Plan - Origination Fees**

3 FOR the purpose of authorizing a credit grantor of an open end credit plan that is  
4 secured by real property to charge an origination fee not to exceed a certain  
5 percentage of the initial advance made under the plan; and generally relating to  
6 secured open end credit plans.

7 BY repealing and reenacting, with amendments,  
8 Article - Commercial Law  
9 Section 12-905(b) and (e)  
10 Annotated Code of Maryland  
11 (1990 Replacement Volume and 1995 Supplement)

12 BY adding to  
13 Article - Commercial Law  
14 Section 12-905(g)  
15 Annotated Code of Maryland  
16 (1990 Replacement Volume and 1995 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article - Commercial Law**

20 12-905.

21 (b) Except as provided in [subsection] SUBSECTIONS (f) AND (G) of this section,  
22 with respect to a secured open end credit plan, fees or charges may not be imposed on a  
23 consumer borrower in addition to interest or finance charges except for actual and  
24 verifiable fees incurred by the credit grantor and not retained by the credit grantor for the  
25 following:

26 (1) Attorney's fees for services rendered in connection with the preparation,  
27 closing, or disbursement of the loan;

28 (2) Any expense, tax, or charge paid to a governmental agency;

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1                   (3) Examination of title, appraisal, or other costs necessary or appropriate  
2 to the security of the loan; and

3                   (4) Premiums for any insurance coverage permitted under this subtitle.

4                   (e) For purposes of this section, the additional charges listed in subsections (a),  
5 (b), [and] (f), AND (G) of this section are not interest or finance charges with respect to  
6 a plan.

7                   (G) A CREDIT GRANTOR OF AN OPEN END CREDIT PLAN THAT IS SECURED BY  
8 REAL PROPERTY MAY CHARGE AN ORIGINATION FEE NOT TO EXCEED 2% OF THE  
9 INITIAL ADVANCE MADE UNDER THE PLAN.

10                  SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
11 October 1, 1996.