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By: **Delegate Petzold**

Introduced and read first time: January 29, 1998

Assigned to: Commerce and Government Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection - Unsolicited Loans**

3 FOR the purpose of prohibiting a creditor from sending a check or other negotiable  
4 instrument to an individual if the check or other negotiable instrument is sent  
5 in connection with an offer to extend credit to the individual and the individual  
6 has not submitted an application for, or otherwise requested, the extension of  
7 credit; providing that an individual is not liable for the amount of a check or  
8 other negotiable instrument sent to the individual in violation of this Act unless  
9 the individual actually receives and negotiates the check or other negotiable  
10 instrument; providing a certain penalty; defining a certain term; and generally  
11 relating to extensions of consumer credit.

12 BY adding to

13 Article - Commercial Law

14 Section 14-1315

15 Annotated Code of Maryland

16 (1990 Replacement Volume and 1997 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 14-1315.

21 (A) IN THIS SECTION, "CREDITOR" MEANS A PERSON THAT ENGAGES IN  
22 WHOLE OR IN PART IN THE BUSINESS OF MAKING LOANS OR OTHER EXTENSIONS OF  
23 CREDIT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

24 (B) A CREDITOR MAY NOT SEND A CHECK OR OTHER NEGOTIABLE  
25 INSTRUMENT TO AN INDIVIDUAL IF:

26 (1) THE CHECK OR OTHER NEGOTIABLE INSTRUMENT IS SENT IN  
27 CONNECTION WITH AN OFFER TO EXTEND CREDIT TO THE INDIVIDUAL; AND

1           (2)     THE INDIVIDUAL HAS NOT SUBMITTED AN APPLICATION FOR, OR  
2 OTHERWISE REQUESTED, THE EXTENSION OF CREDIT BEFORE RECEIVING THE  
3 CHECK OR OTHER NEGOTIABLE INSTRUMENT.

4     (C)     AN INDIVIDUAL WHO IS SENT A CHECK OR OTHER NEGOTIABLE  
5 INSTRUMENT IN VIOLATION OF SUBSECTION (B) OF THIS SECTION IS NOT LIABLE  
6 FOR THE AMOUNT OF THE CHECK OR OTHER NEGOTIABLE INSTRUMENT UNLESS  
7 THE INDIVIDUAL ACTUALLY RECEIVES AND NEGOTIATES THE CHECK OR OTHER  
8 NEGOTIABLE INSTRUMENT.

9     (D)     A CREDITOR THAT VIOLATES THIS SECTION IS GUILTY OF A  
10 MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$500.

11     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 October 1, 1998.