

SENATE BILL 361

Unofficial Copy  
12

1999 Regular Session  
(9r1973)

*ENROLLED BILL*  
*-- Finance/Commerce and Government Matters --*

Introduced by **Senator Astle**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Credit Regulation - Financing of Prior Loan Balances**

3 FOR the purpose of providing that the amount credited for the agreed value of goods,  
4 which must be stated in an installment sale agreement, may include certain  
5 amounts actually paid or to be paid by the seller on behalf of the buyer under  
6 certain circumstances; providing that certain provisions of Maryland law  
7 governing credit grantor closed end credit do not prohibit a credit grantor from  
8 including in the loan amount certain amounts actually paid or to be paid by the  
9 credit grantor on behalf of the borrower under certain circumstances;  
10 conforming certain disclosure requirements with requirements of the federal  
11 Truth in Lending Act; clarifying certain licensing requirements for certain  
12 sellers and credit grantors who finance certain prior loan balances; and  
13 generally relating to the financing of prior loan balances by certain sellers and  
14 credit grantors.

15 BY repealing and reenacting, with amendments,  
16 Article - Commercial Law

1 Section 12-606(b)  
 2 Annotated Code of Maryland  
 3 (1990 Replacement Volume and 1998 Supplement)

4 BY adding to  
 5 Article - Commercial Law  
 6 Section 12-606(d) and 12-1012(c)  
 7 Annotated Code of Maryland  
 8 (1990 Replacement Volume and 1998 Supplement)

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

11 **Article - Commercial Law**

12 12-606.

13 (b) An installment sale agreement also shall state in simple tabular form the  
 14 following separate items in the following order:

15 (1) The cash price of the goods sold;

16 (2) All charges for delivery, installation, or repair of or other services to  
 17 the goods which, separate from the cash price, are included in the installment sale  
 18 agreement;

19 (3) The sum of the cash price in item (1) and the charges for services in  
 20 item (2);

21 (4) The amount of the buyer's down payment, together with:

22 (i) A statement of the respective amounts credited for cash, credits,  
 23 and the agreed value of goods, ~~WHICH MAY INCLUDE, IN CONNECTION WITH A SALE,~~  
 24 ~~THE~~;

25 (II) A STATEMENT OF AMOUNTS ACTUALLY PAID OR TO BE PAID BY  
 26 THE SELLER PURSUANT TO AN AGREEMENT WITH THE BUYER, ON BEHALF OF THE  
 27 BUYER TO DISCHARGE ANY AMOUNT FINANCED UNDER AN OUTSTANDING LOAN  
 28 AGREEMENT OR INSTALLMENT SALE AGREEMENT OR THE UNPAID PORTION OF THE  
 29 EARLY TERMINATION OBLIGATION UNDER ANY LEASE OR OTHER OBLIGATION OF  
 30 THE LESSEE, WITH RESPECT TO A MOTOR VEHICLE OR OTHER PROPERTY TRADED IN;

31 (III) A STATEMENT OF THE NET AMOUNT AVAILABLE TO REDUCE  
 32 THE CASH PRICE, WHICH IS ITEM (I) OF THIS ITEM LESS ITEM (II) OF THIS ITEM; and

33 ~~(ii)~~ (IV) A description of all goods sufficient to identify them;

34 (5) The unpaid balance of the cash price payable by the buyer to the  
 35 seller, which is item (3) less item (4);

1 (6) The cost to the buyer of any insurance for the payment of which  
2 credit is to be extended to the buyer, together with:

3 (i) The amount or extent of the insurance;

4 (ii) The expiration date of the insurance;

5 (iii) The party to whom the insurance is payable; and

6 (iv) A concise description of the coverage, including, if the goods sold  
7 include a motor vehicle, a definite statement in 12-point bold type or larger as to  
8 whether the insurance includes coverage for personal liability and for property  
9 damage caused to others;

10 (7) The amount of any official fees charged to the buyer which the seller  
11 expects to be paid to a public official for filing or recording the installment sale  
12 agreement or other instrument securing or evidencing the buyer's obligation or an  
13 equal or lesser amount for a nonfiling insurance premium at rates approved by the  
14 Insurance Commissioner and on which no commissions may be paid;

15 (8) The cost to the buyer of any optional debt cancellation agreement  
16 sold in connection with a motor vehicle;

17 (9) The principal balance owed, which is the sum of items (5), (6), (7), and  
18 (8) PLUS, IF THE AMOUNT STATED IN ~~ITEM (III)~~ ITEM (4)(III) OF THIS SUBSECTION IS A  
19 NEGATIVE NUMBER, ADD THAT AMOUNT AS A POSITIVE NUMBER;

20 (10) The finance charge stated as a sum in dollars; and

21 (11) The time balance owed by the buyer to the seller, which is the sum of  
22 items (9) and (10), the number of installment payments required to pay it, and the  
23 amount and time of each payment.

24 (D) A SELLER MAY NOT BE DEEMED TO BE MAKING LOANS FOR PURPOSES OF  
25 § 11-301(B)(6)(I) OF THE FINANCIAL INSTITUTIONS ARTICLE MERELY BY ENGAGING IN  
26 ACTIVITIES DESCRIBED IN SUBSECTION (B)(4)(II) OF THIS SECTION.

27 12-1012.

28 (C) (1) THIS SUBTITLE DOES NOT PROHIBIT A CREDIT GRANTOR, IN  
29 CONNECTION WITH A SALE, FROM INCLUDING IN THE LOAN AMOUNT THE AMOUNTS  
30 ACTUALLY PAID OR TO BE PAID BY THE CREDIT GRANTOR PURSUANT TO AN  
31 AGREEMENT WITH THE BORROWER, ON BEHALF OF THE BORROWER TO DISCHARGE  
32 ANY AMOUNT FINANCED UNDER AN OUTSTANDING LOAN AGREEMENT OR  
33 INSTALLMENT SALE AGREEMENT OR THE UNPAID PORTION OF THE EARLY  
34 TERMINATION OBLIGATION UNDER ANY LEASE OR OTHER OBLIGATION OF THE  
35 LESSEE, WITH RESPECT TO A MOTOR VEHICLE OR OTHER PROPERTY TRADED IN.

36 (2) A CREDIT GRANTOR WHO IS A SELLER OF GOODS OR SERVICES MAY  
37 NOT BE DEEMED TO BE MAKING LOANS FOR PURPOSES OF § 11-301(B)(6)(I) OF THE

1 FINANCIAL INSTITUTIONS ARTICLE MERELY BY ENGAGING IN ACTIVITIES  
2 DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4 October 1, 1999.