
By: **Senator Astle**

Introduced and read first time: February 5, 1999

Assigned to: Finance

A BILL ENTITLED

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; and
10 generally relating to the financing of prior loan balances by certain sellers and
11 credit grantors.

12 BY repealing and reenacting, with amendments,
13 Article - Commercial Law
14 Section 12-606(b)
15 Annotated Code of Maryland
16 (1990 Replacement Volume and 1998 Supplement)

17 BY adding to
18 Article - Commercial Law
19 Section 12-1012(c)
20 Annotated Code of Maryland
21 (1990 Replacement Volume and 1998 Supplement)

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

24 **Article - Commercial Law**

25 12-606.

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

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

- 1 (2) All charges for delivery, installation, or repair of or other services to
2 the goods which, separate from the cash price, are included in the installment sale
3 agreement;
- 4 (3) The sum of the cash price in item (1) and the charges for services in
5 item (2);
- 6 (4) The amount of the buyer's down payment, together with:
- 7 (i) A statement of the respective amounts credited for cash, credits,
8 and the agreed value of goods, WHICH MAY INCLUDE, IN CONNECTION WITH A SALE,
9 THE AMOUNTS ACTUALLY PAID OR TO BE PAID BY THE SELLER PURSUANT TO AN
10 AGREEMENT WITH THE BUYER, ON BEHALF OF THE BUYER TO DISCHARGE ANY
11 AMOUNT FINANCED UNDER AN OUTSTANDING LOAN AGREEMENT OR INSTALLMENT
12 SALE AGREEMENT OR THE UNPAID PORTION OF THE EARLY TERMINATION
13 OBLIGATION UNDER ANY LEASE OR OTHER OBLIGATION OF THE LESSEE, WITH
14 RESPECT TO A MOTOR VEHICLE OR OTHER PROPERTY TRADED IN; and
- 15 (ii) A description of all goods sufficient to identify them;
- 16 (5) The unpaid balance of the cash price payable by the buyer to the
17 seller, which is item (3) less item (4);
- 18 (6) The cost to the buyer of any insurance for the payment of which
19 credit is to be extended to the buyer, together with:
- 20 (i) The amount or extent of the insurance;
- 21 (ii) The expiration date of the insurance;
- 22 (iii) The party to whom the insurance is payable; and
- 23 (iv) A concise description of the coverage, including, if the goods sold
24 include a motor vehicle, a definite statement in 12-point bold type or larger as to
25 whether the insurance includes coverage for personal liability and for property
26 damage caused to others;
- 27 (7) The amount of any official fees charged to the buyer which the seller
28 expects to be paid to a public official for filing or recording the installment sale
29 agreement or other instrument securing or evidencing the buyer's obligation or an
30 equal or lesser amount for a nonfiling insurance premium at rates approved by the
31 Insurance Commissioner and on which no commissions may be paid;
- 32 (8) The cost to the buyer of any optional debt cancellation agreement
33 sold in connection with a motor vehicle;
- 34 (9) The principal balance owed, which is the sum of items (5), (6), (7), and
35 (8);
- 36 (10) The finance charge stated as a sum in dollars; and

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

4 12-1012.

5 (C) THIS SUBTITLE DOES NOT PROHIBIT A CREDIT GRANTOR, IN CONNECTION
6 WITH A SALE, FROM INCLUDING IN THE LOAN AMOUNT THE AMOUNTS ACTUALLY
7 PAID OR TO BE PAID BY THE CREDIT GRANTOR PURSUANT TO AN AGREEMENT WITH
8 THE BORROWER, ON BEHALF OF THE BORROWER TO DISCHARGE ANY AMOUNT
9 FINANCED UNDER AN OUTSTANDING LOAN AGREEMENT OR INSTALLMENT SALE
10 AGREEMENT OR THE UNPAID PORTION OF THE EARLY TERMINATION OBLIGATION
11 UNDER ANY LEASE OR OTHER OBLIGATION OF THE LESSEE, WITH RESPECT TO A
12 MOTOR VEHICLE OR OTHER PROPERTY TRADED IN.

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