
By: **Delegate Krysiak**
Introduced and read first time: January 26, 2000
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection - Contracts - Late Fees**

3 FOR the purpose of clarifying the circumstances under which parties to a contract
4 may agree to the payment of late fees; authorizing the parties to a contract to
5 agree to require that late fees be paid when a party fails to make a payment
6 when due; requiring full disclosure of any late fees; defining a term; providing
7 for the application of this Act; and generally relating to late fees.

8 BY adding to
9 Article - Commercial Law
10 Section 14-1315
11 Annotated Code of Maryland
12 (1990 Replacement Volume and 1999 Supplement)

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

15 **Article - Commercial Law**

16 14-1315.

17 (A) (1) IN THIS SECTION, "LATE FEE" MEANS ANY CHARGE OR FEE IMPOSED
18 BECAUSE A PAYMENT IS NOT MADE WHEN THE PAYMENT IS DUE UNDER THE TERMS
19 OF A CONTRACT.

20 (2) "LATE FEE" INCLUDES A FEE IMPOSED UNDER PARAGRAPH (1) OF
21 THIS SUBSECTION THAT IS DESCRIBED:

- 22 (I) AS A FLAT RATE;
- 23 (II) AS A PERCENTAGE OF THE AMOUNT DUE; OR
- 24 (III) IN ANY OTHER TERMS.

25 (B) THE PARTIES TO A CONTRACT MAY AGREE TO REQUIRE THE PAYMENT OF
26 A LATE FEE WHEN A PARTY FAILS TO MAKE A PAYMENT WHEN THE PAYMENT IS DUE.

1 (C) A CONTRACT THAT REQUIRES THE PAYMENT OF A LATE FEE SHALL
2 DISCLOSE:

3 (1) THE AMOUNT OF THE LATE FEE;

4 (2) THE CONDITIONS UNDER WHICH THE LATE FEE WILL BE IMPOSED;

5 AND

6 (3) THE TIMING FOR THE IMPOSITION OF THE LATE FEE.

7 (D) A LATE FEE IMPOSED UNDER THIS SECTION IS NOT:

8 (1) INTEREST;

9 (2) A FINANCE CHARGE;

10 (3) LIQUIDATED DAMAGES; OR

11 (4) A PENALTY.

12 (E) THIS SECTION DOES NOT AFFECT A LATE FEE, A FINANCE CHARGE,
13 INTEREST, OR ANY OTHER FEE OR CHARGE OTHERWISE ALLOWED UNDER
14 APPLICABLE LAW.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to
16 any case pending or filed on or after the effective date of this Act, but may not be
17 applied to any case for which a final judgment has been rendered and for which
18 appeals have been exhausted prior to the effective date of this Act.

19 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall apply to all
20 late fees provided for in contracts entered into, or in effect, on or after November 5,
21 1995. This Act does not apply to late fees imposed before November 5, 1995.

22 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 June 1, 2000.