
By: **Delegates McIntosh, Arnick, and Wood**
Introduced and read first time: February 10, 2000
Assigned to: Commerce and Government Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law - Revolving Credit Plans - Access to Home Equity Credit**
3 **Through Use of Credit Device**

4 FOR the purpose of repealing a certain provision of law that prohibits a revolving
5 credit plan from being secured by a lien on residential real property under
6 certain circumstances.

7 BY repealing and reenacting, with amendments,
8 Article - Commercial Law
9 Section 12-902
10 Annotated Code of Maryland
11 (1990 Replacement Volume and 1999 Supplement)

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

14 **Article - Commercial Law**

15 12-902.

16 (a) Any credit grantor may, subject to the other provisions of this subtitle:

17 (1) Offer and extend credit under a revolving credit plan to a borrower
18 and in that connection charge and collect the interest, finance charges, and other
19 charges permitted by this subtitle;

20 (2) (i) Take any security as collateral as may be acceptable to the
21 credit grantor.

22 (ii) If real property is taken as security, the credit grantor shall
23 record the entire line of credit when the credit plan is established.

24 (b) Without limiting subsection (a) of this section, credit may be extended
25 under a revolving credit plan by a credit grantor's acquisition of obligations arising
26 out of the honoring of a credit device made available to a borrower under a plan,
27 whether directly or indirectly by means of telephone, point of sale terminal,

1 automated teller machine or other electronic or similar device, or through the mails,
2 by:

3 (1) A merchant;

4 (2) A bank or other financial institution chartered or organized under
5 the laws of this or any other state, the District of Columbia, the United States or any
6 district, territory, or possession of the United States, or any foreign country;

7 (3) Any other person or entity; or

8 (4) A government or governmental subdivision or agency.

9 [(c) Notwithstanding subsections (a) and (b) of this section, a revolving credit
10 plan may not be secured by a lien on residential real property if the plan is accessed
11 through the use of a credit device through which the credit grantor acquires purchase
12 obligations incurred by the honoring of the credit device.]

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 2000.