
By: **Senator Astle**
Introduced and read first time: January 29, 2004
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Credit Regulation - Consumer Loans - Collection of Attorney's Fees**

3 FOR the purpose of authorizing a lender, on certain loans and under certain
4 circumstances, to charge and collect from a borrower reasonable attorney's fees
5 actually incurred in collecting the loan and not retained by the lender or an
6 assignee of the loan; and generally relating to attorney's fees charged and
7 collected by a lender from a borrower on a loan.

8 BY repealing and reenacting, with amendments,
9 Article - Commercial Law
10 Section 12-307.1
11 Annotated Code of Maryland
12 (2000 Replacement Volume and 2003 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 12-307.1.

17 (a) On any loan with an original principal balance of more than \$2,000, if a
18 borrower defaults under the terms of a loan and the lender refers the borrower's
19 account for collection to an attorney who is not a salaried employee of the lender, and
20 if the note, contract, or other evidence of the loan permits, the lender may charge and
21 collect from the borrower court costs and REASONABLE attorney's fees [not exceeding
22 15 percent of the amount due and payable under the terms of the loan] ACTUALLY
23 INCURRED IN COLLECTING THE LOAN AND NOT RETAINED BY THE LENDER OR AN
24 ASSIGNEE OF THE LOAN.

25 (b) On any loan with an original principal balance of \$2,000 or less, if a
26 borrower defaults under the terms of a loan and the lender refers the borrower's
27 account for collection to an attorney who is not a salaried employee of the lender, and
28 if the note, contract, or other evidence of the loan permits, the lender may recover
29 from the borrower court costs and REASONABLE attorney's fees [not exceeding 15

1 percent of the amount due and payable under the terms of the loan,] ACTUALLY
2 INCURRED IN COLLECTING THE LOAN AND NOT RETAINED BY THE LENDER OR AN
3 ASSIGNEE OF THE LOAN, [to be set by] SUBJECT TO DETERMINATION BY the court in
4 the event of the filing of suit.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 October 1, 2004.