

1 14-1302.

2 (a) (1) In this section the following words have the meanings indicated.

3 (2) "Person" means an individual, corporation, or any other business
4 organization.

5 (3) "Consumer" means [a natural person]:

6 (I) AN INDIVIDUAL who seeks or acquires goods or services for
7 personal, family, or household use; OR

8 (II) A BUSINESS THAT ENTERS INTO A LOAN, CONTRACT, OR LEASE
9 FOR WHICH AN INDIVIDUAL IS PERSONALLY LIABLE AS EITHER A SIGNATORY OR A
10 GUARANTOR.

11 (4) "Creditor" means a person who, in the ordinary course of business,
12 lends purchase money or finances the sale of goods or services to consumers on a
13 deferred payment basis if that person is not acting, for the purposes of a particular
14 transaction, in the capacity of a credit card issuer.

15 (5) "Purchase money loan" means a cash advance which is received by a
16 consumer in return for a "finance charge" within the meaning of the Truth in Lending
17 Act and Regulation Z, which is applied, in whole or substantial part, to a purchase of
18 goods or services from a seller who (i) refers consumers to the creditor or (ii) is
19 affiliated with the creditor by common control, contract, or business arrangement.

20 (6) "Financing a sale" means extending credit to a consumer in
21 connection with a "credit sale" within the meaning of the Truth in Lending Act and
22 Regulation Z.

23 (7) "Contract" means any oral or written agreement, formal or informal,
24 between a creditor and a seller, which contemplates or provides for cooperative or
25 concerted activity in connection with the sale of goods or services to consumers or the
26 financing thereof.

27 (8) "Business arrangement" means any understanding, procedure,
28 course of dealing, or arrangement, formal or informal, between a creditor and a seller,
29 in connection with the sale of goods or services to consumers or the financing thereof.

30 (9) "Credit card issuer" means a person who extends to cardholders the
31 right to use a credit card in connection with purchases of goods or services.

32 (10) "Consumer credit contract" means any instrument which evidences
33 or embodies a debt arising from a "purchase money loan" transaction or a "financed
34 sale" as defined in paragraphs (5) and (6) of this subsection.

35 (11) "Seller" means a person who, in the ordinary course of business, sells
36 goods or services to consumers.

1 (12) "Amounts paid by the debtor" shall include all amounts paid by the
2 debtor and any remaining amount due under the contract.

3 (b) In connection with any sale or lease in this State of goods or services to
4 consumers, it is an unfair or deceptive trade practice within the meaning of Title 13 of
5 this article for a seller, directly or indirectly, to:

6 (1) Take or receive a consumer credit contract which fails to contain the
7 following provision in at least ten point, boldface type:

8 NOTICE

9 Any holder of this consumer credit contract is subject to all claims and defenses
10 which the debtor could assert against the seller of goods or services obtained pursuant
11 hereto or with the proceeds hereof. Recovery hereunder by the debtor shall not exceed
12 amounts paid by the debtor hereunder.

13 Or,

14 (2) Accept, as full or partial payment for such sale, the proceeds of any
15 purchase money loan, unless any consumer credit contract made in connection with
16 such purchase money loan contains the following provision in at least ten point,
17 boldface type:

18 NOTICE

19 Any holder of this consumer credit contract is subject to all claims and defenses
20 which the debtor could assert against the seller of goods or services obtained with the
21 proceeds hereof. Recovery hereunder by the debtor shall not exceed amounts paid by
22 the debtor hereunder.

23 (c) (1) The provisions of this section do not apply where the seller:

24 [(1)] (I) Does not require a consumer credit contract which is a
25 negotiable instrument or which contains any provision pursuant to which the
26 consumer agrees to limit or waive claims or defenses which he may have against the
27 seller as to any holder of the consumer credit contract; and

28 [(2)] (II) Does not transfer, sell, pledge or assign a consumer credit
29 contract except under conditions where any transferee is subject to all claims and
30 defenses which the consumer has against the seller to the same extent as provided in
31 this section.

32 (2) ALL RIGHTS AND REMEDIES UNDER TITLE 13 OF THIS ARTICLE
33 SHALL APPLY TO A VIOLATION OF THIS SECTION.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 October 1, 2005.