

HOUSE BILL 1269

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9lr1423

By: **Delegate Bobo**

Introduced and read first time: February 13, 2009

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Credit Regulation – Provision of Debt Management and Debt Settlement**
3 **Services**

4 FOR the purpose of altering a certain exemption from certain provisions of law
5 governing the provisions of debt management services; prohibiting a person
6 from providing, or offering or attempting to provide, debt settlement services in
7 the State; defining a certain term; and generally relating to debt management
8 and debt settlement services.

9 BY repealing and reenacting, with amendments,
10 Article – Financial Institutions
11 Section 12–902
12 Annotated Code of Maryland
13 (2003 Replacement Volume and 2008 Supplement)

14 BY adding to
15 Article – Financial Institutions
16 Section 12–902.1
17 Annotated Code of Maryland
18 (2003 Replacement Volume and 2008 Supplement)

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

21 **Article – Financial Institutions**

22 12–902.

23 This subtitle does not apply to:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) The following persons when engaged in the regular course of their
2 respective businesses and professions:

3 (i) An attorney at law **WHO IS ADMITTED TO PRACTICE IN**
4 **THE STATE AND IS NOT PRINCIPALLY ENGAGED IN PROVIDING DEBT**
5 **SETTLEMENT SERVICES, AS DEFINED IN § 12-902.1(A) OF THIS SUBTITLE;**

6 (ii) An escrow agent;

7 (iii) A certified public accountant;

8 (iv) A banking institution, other—state bank, national banking
9 association, credit union, or savings and loan association;

10 (v) A person that:

11 1. Provides bill payer services, as defined in § 12-401 of
12 this title;

13 2. Does not initiate any contract with individual
14 creditors of the debtor to compromise a debt or arrange a new payment schedule; and

15 3. Does not provide any debt counseling services;

16 (vi) A person that provides accelerated mortgage payment
17 services, as defined in § 12-401 of this title;

18 (vii) A title insurer, title insurance agency, or abstract company;
19 or

20 (viii) A judicial officer or a person acting under a court order;

21 (2) A person while performing services incidental to the dissolution,
22 winding up, or liquidation of a partnership, corporation, or other business enterprise;

23 (3) A trade or mercantile association acting in the course of arranging
24 the adjustment of debts with a business establishment; or

25 (4) A mortgage lender, as defined in § 11-501 of this article, that:

26 (i) Is licensed by the Commissioner; and

27 (ii) Does not receive funds from a consumer for the purpose of
28 distributing the funds among the consumer's creditors in full or partial payment of the
29 consumer's debts.

30 **12-902.1.**

1 **(A) (1) IN THIS SECTION, “DEBT SETTLEMENT SERVICES” MEANS**
2 **ACTING, FOR CONSIDERATION, AS AN INTERMEDIARY BETWEEN AN INDIVIDUAL**
3 **AND THE INDIVIDUAL’S CREDITORS FOR THE PURPOSE OF SETTling OR IN ANY**
4 **WAY ALTERING THE TERMS OF PAYMENT OF ANY DEBT.**

5 **(2) “DEBT SETTLEMENT SERVICES” DOES NOT INCLUDE DEBT**
6 **MANAGEMENT SERVICES.**

7 **(B) A PERSON MAY NOT PROVIDE, OR OFFER OR ATTEMPT TO PROVIDE,**
8 **DEBT SETTLEMENT SERVICES IN THE STATE.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2009.