

HOUSE BILL 1581

I3, I2

EMERGENCY BILL

9lr3501

By: **Delegate Conaway**

Rules suspended

Introduced and read first time: April 3, 2009

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection – Car Title and Refund Anticipation Loans**
3 **– Restrictions and Disclosure**

4 FOR the purpose of prohibiting the principal balance of a car title loan from exceeding
5 a certain amount; prohibiting the monthly payment for a car title loan from
6 exceeding a certain percentage of the borrower’s monthly gross income;
7 prohibiting a lender from refinancing a car title loan under certain
8 circumstances; requiring a lender under a refund anticipation loan to post a
9 certain fee schedule at the lender’s place of business, include a fee schedule on
10 the application for a refund anticipation loan, state that extra fees may apply
11 under certain circumstances, and state the amount of interest being charged for
12 the refund anticipation loan; making this Act an emergency measure; defining
13 certain terms; and generally relating to car title and refund anticipation loans.

14 BY adding to

15 Article – Commercial Law
16 Section 13–320 and 13–321
17 Annotated Code of Maryland
18 (2005 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 – Commercial Law**

22 **13–320.**

23 (A) IN THIS SECTION, “CAR TITLE LOAN” MEANS A SHORT-TERM LOAN
24 THAT IS SECURED BY A CERTIFICATE OF TITLE TO A MOTOR VEHICLE OWNED BY

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 THE BORROWER AND UNDER WHICH PHYSICAL POSSESSION OF THE
2 CERTIFICATE OF TITLE IS TRANSFERRED TO THE LENDER.

3 (B) THE PRINCIPAL BALANCE OF A CAR TITLE LOAN MAY NOT EXCEED
4 \$4,000.

5 (C) THE MONTHLY PAYMENT, INCLUDING PRINCIPAL AND INTEREST,
6 FOR A CAR TITLE LOAN MAY NOT EXCEED 50% OF THE BORROWER'S MONTHLY
7 GROSS INCOME.

8 (D) A LENDER UNDER A CAR TITLE LOAN MAY NOT REFINANCE THE
9 LOAN UNLESS THE ORIGINAL PRINCIPAL BALANCE OF THE LOAN HAS BEEN
10 REDUCED BY 20% OR MORE.

11 **13-321.**

12 (A) IN THIS SECTION, "REFUND ANTICIPATION LOAN" MEANS A
13 SHORT-TERM LOAN THAT IS SECURED BY THE BORROWER'S ANTICIPATED
14 STATE OR FEDERAL TAX REFUND.

15 (B) A LENDER UNDER A REFUND ANTICIPATION LOAN SHALL:

16 (1) POST A FEE SCHEDULE FOR A REFUND ANTICIPATION LOAN
17 AT THE LENDER'S PLACE OF BUSINESS;

18 (2) INCLUDE A FEE SCHEDULE ON THE APPLICATION FOR A
19 REFUND ANTICIPATION LOAN;

20 (3) STATE IN WRITING THAT EXTRA FEES MAY APPLY IF THE TAX
21 REFUND THAT IS SECURING THE REFUND ANTICIPATION LOAN IS NOT RECEIVED
22 BY THE BORROWER BEFORE THE REFUND ANTICIPATION LOAN BECOMES DUE;
23 AND

24 (4) STATE IN WRITING THE AMOUNT OF INTEREST THAT THE
25 LENDER IS CHARGING FOR THE REFUND ANTICIPATION LOAN.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
27 measure, is necessary for the immediate preservation of the public health or safety,
28 has been passed by a ye and nay vote supported by three-fifths of all the members
29 elected to each of the two Houses of the General Assembly, and shall take effect from
30 the date it is enacted.