

# SENATE BILL 901

I2

(2lr2657)

## ENROLLED BILL

— Finance/Economic Matters —

Introduced by **Senator Klausmeier**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
President.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Credit Regulation – Retail Installment Sales and Closed End Credit – Debt**  
3 **Cancellation Agreements – Definitions**

4 FOR the purpose of altering the definition of “debt cancellation agreement”, for  
5 purposes of certain provisions of law governing retail installment sales and  
6 closed end credit, to include, under certain circumstances, an agreement under  
7 which the outstanding balance of a loan is reduced by the actual cash value of a  
8 certain motor vehicle or of certain collateral at the time of loss; altering the  
9 definitions of “outstanding balance” and “remaining loan balance” to exclude  
10 any ~~other items as agreed to by the parties and stated in the debt cancellation~~  
11 ~~agreement~~ deferred payments and the refundable a certain portion of any  
12 financed taxes and charges; and generally relating to credit regulation and debt  
13 cancellation agreements.

14 BY repealing and reenacting, without amendments,

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#### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics indicate opposite chamber/conference committee amendments.*



1 Article – Commercial Law  
 2 Section 12–601(a) and 12–1001(a)  
 3 Annotated Code of Maryland  
 4 (2005 Replacement Volume and 2011 Supplement)

5 BY repealing and reenacting, with amendments,  
 6 Article – Commercial Law  
 7 Section 12–601(h) and (p) and 12–1001(h) and (l)  
 8 Annotated Code of Maryland  
 9 (2005 Replacement Volume and 2011 Supplement)

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

12 **Article – Commercial Law**

13 12–601.

14 (a) In this subtitle the following words have the meanings indicated.

15 (h) “Debt cancellation agreement” means an agreement between a seller and  
 16 a buyer which provides for cancellation of the outstanding balance payable under an  
 17 installment sale agreement in the event of theft or total destruction of the motor  
 18 vehicle that is the subject of the installment sale agreement [after application of]  
 19 **MINUS** the proceeds of any insurance maintained on the motor vehicle **OR, IF THE**  
 20 **BUYER DOES NOT HAVE INSURANCE THAT COVERS THE LOSS, THE ACTUAL CASH**  
 21 **VALUE OF THE MOTOR VEHICLE AT THE TIME OF LOSS, DETERMINED AS**  
 22 **PROVIDED IN THE DEBT CANCELLATION AGREEMENT.**

23 (p) “Outstanding balance”, when used in reference to a debt cancellation  
 24 agreement, does not include:

25 (1) Any delinquent **OR DEFERRED** payments;

26 (2) Past due charges;

27 (3) Late payment charges;

28 (4) Unearned interest;

29 (5) Unearned rental payments; [or]

30 **(6) THE REFUNDABLE PORTION OF ANY FINANCED TAXES OR**  
 31 **CHARGES, INCLUDING CHARGES FOR CREDIT LIFE INSURANCE, CREDIT HEALTH**  
 32 **INSURANCE, CREDIT INVOLUNTARY UNEMPLOYMENT BENEFIT INSURANCE, AND**  
 33 **MECHANICAL REPAIR CONTRACTS, ALREADY REFUNDED TO THE BUYER**

1 ACTUALLY REFUNDED TO THE BUYER OR CREDITED AS A REDUCTION TO THE  
 2 LOAN BALANCE; OR

3 ~~(6)~~ (7) By agreement of the parties, the amount of any primary  
 4 insurance deductible; ~~OR~~

5 ~~(7) OTHER ITEMS AS AGREED TO BY THE PARTIES AND STATED IN~~  
 6 ~~THE DEBT CANCELLATION AGREEMENT.~~

7 12-1001.

8 (a) In this subtitle the following words have the meanings indicated.

9 (h) "Debt cancellation agreement" means an agreement between a credit  
 10 grantor and a borrower which provides for cancellation of the remaining loan balance  
 11 in the event of theft or total destruction of the collateral for the loan [after application  
 12 of] MINUS the proceeds of any insurance maintained on the collateral for the loan ~~OR,~~  
 13 ~~IF THE BORROWER DOES NOT HAVE INSURANCE THAT COVERS THE LOSS, THE~~  
 14 ~~ACTUAL CASH VALUE OF THE MOTOR VEHICLE COLLATERAL AT THE TIME OF~~  
 15 ~~LOSS, DETERMINED AS PROVIDED IN THE DEBT CANCELLATION AGREEMENT.~~

16 (l) "Remaining loan balance", when used in reference to a debt cancellation  
 17 agreement, does not include:

18 (1) Any delinquent OR DEFERRED payments;

19 (2) Past due charges;

20 (3) Late payment charges;

21 (4) Unearned interest;

22 (5) Unearned rental payments; [or]

23 ~~(6) THE REFUNDABLE PORTION OF ANY FINANCED TAXES OR~~  
 24 ~~CHARGES, INCLUDING CHARGES FOR CREDIT LIFE INSURANCE, CREDIT HEALTH~~  
 25 ~~INSURANCE, CREDIT INVOLUNTARY UNEMPLOYMENT BENEFIT INSURANCE, AND~~  
 26 ~~MECHANICAL REPAIR CONTRACTS, ALREADY REFUNDED TO THE BORROWER~~  
 27 ~~ACTUALLY REFUNDED TO THE BORROWER OR CREDITED AS A REDUCTION TO~~  
 28 ~~THE LOAN BALANCE; OR~~

29 ~~(6)~~ (7) By agreement of the parties, the amount of any primary  
 30 insurance deductible; ~~OR~~

1                    ~~(7) OTHER ITEMS AS AGREED TO BY THE PARTIES AND STATED IN~~  
2 ~~THE DEBT CANCELLATION AGREEMENT.~~

3                    SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4                    October 1, 2012.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.