

SENATE BILL 432

I3

3lr2170
CF 3lr2206

By: **Senators Kelley, Benson, Garagiola, Middleton, Muse, Pugh, Raskin, and Stone**

Introduced and read first time: January 30, 2013

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection – Consumer Debt Collection – Disclosure Requirements**

3 FOR the purpose of requiring collectors of certain debt to disclose in writing certain
4 information in certain communications to certain debtors; defining a certain
5 term; making a stylistic change; and generally relating to consumer debt and
6 disclosure requirements for debt collectors.

7 BY repealing and reenacting, without amendments,
8 Article – Commercial Law
9 Section 14–201(a)
10 Annotated Code of Maryland
11 (2005 Replacement Volume and 2012 Supplement)

12 BY adding to
13 Article – Commercial Law
14 Section 14–201(e)
15 Annotated Code of Maryland
16 (2005 Replacement Volume and 2012 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Commercial Law
19 Section 14–202
20 Annotated Code of Maryland
21 (2005 Replacement Volume and 2012 Supplement)

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

24 **Article – Commercial Law**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 14-201.

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

3 (E) (1) **“PRINCIPAL” MEANS THE UNPAID BALANCE OF THE FUNDS**
4 **BORROWED, THE CREDIT OBTAINED, THE SALES PRICE OF GOODS OR SERVICES**
5 **PURCHASED, OR THE CAPITAL SUM OF ANY OTHER DEBT OR OBLIGATION**
6 **ARISING FROM A CONSUMER TRANSACTION, ALLEGED TO BE OWED TO THE**
7 **ORIGINAL CREDITOR.**

8 (2) **“PRINCIPAL” DOES NOT INCLUDE INTEREST, FEES, OR**
9 **CHARGES ADDED TO THE DEBT OR OBLIGATION BY THE ORIGINAL CREDITOR OR**
10 **ANY SUBSEQUENT ASSIGNEES OF THE CONSUMER DEBT.**

11 14-202.

12 (A) **IN COLLECTING OR ATTEMPTING TO COLLECT AN ALLEGED DEBT, A**
13 **COLLECTOR SHALL DISCLOSE IN WRITING IN ANY COMMUNICATION TO THE**
14 **DEBTOR RELATING TO THE ALLEGED DEBT:**

15 (1) **THE TOTAL AMOUNT OF THE DEBT;**

16 (2) **THE PORTION OF THE DEBT THAT IS PRINCIPAL;**

17 (3) **THE PORTION OF THE DEBT THAT IS INTEREST; AND**

18 (4) **ANY FEES THAT HAVE BEEN ADDED TO THE DEBT TOTAL.**

19 (B) In collecting or attempting to collect an alleged debt, a collector may not:

20 (1) Use or threaten force or violence;

21 (2) Threaten criminal prosecution, unless the transaction involved the
22 violation of a criminal statute;

23 (3) Disclose or threaten to disclose information which affects the
24 debtor's reputation for credit worthiness with knowledge that the information is false;

25 (4) Except as permitted by statute, contact a person's employer with
26 respect to a delinquent indebtedness before obtaining final judgment against the
27 debtor;

28 (5) Except as permitted by statute, disclose or threaten to disclose to a
29 person other than the debtor or his spouse or, if the debtor is a minor, his parent,
30 information which affects the debtor's reputation, whether or not for credit worthiness,

1 with knowledge that the other person does not have a legitimate business need for the
2 information;

3 (6) Communicate with the debtor or a person related to him with the
4 frequency, at the unusual hours, or in any other manner as reasonably can be
5 expected to abuse or harass the debtor;

6 (7) Use obscene or grossly abusive language in communicating with
7 the debtor or a person related to him;

8 (8) Claim, attempt, or threaten to enforce a right with knowledge that
9 the right does not exist; or

10 (9) Use a communication which simulates legal or judicial process or
11 gives the appearance of being authorized, issued, or approved by a government,
12 governmental agency, or lawyer when it is not.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 2013.