

HOUSE BILL 1451

I1, I3, I2

6lr2580

By: **Delegate Vaughn**

Introduced and read first time: February 12, 2016

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – Debt Settlement Services – Miscellaneous Provisions**

3 FOR the purpose of altering a certain exemption from registration as a debt settlement
4 services provider; altering the debt settlement services fee that a registrant may
5 charge; repealing a certain reporting requirement for a registrant; and generally
6 relating to debt settlement services and debt settlement services providers.

7 BY repealing and reenacting, with amendments,

8 Article – Financial Institutions

9 Section 12–1003 and 12–1010(e)

10 Annotated Code of Maryland

11 (2011 Replacement Volume and 2015 Supplement)

12 BY repealing

13 Article – Financial Institutions

14 Section 12–1015

15 Annotated Code of Maryland

16 (2011 Replacement Volume and 2015 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Financial Institutions**

20 12–1003.

21 This subtitle does not apply to:

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) An attorney at law who [is]:

2 1. IS admitted to the Maryland Bar while the attorney at law
3 is providing professional legal services in an attorney–client relationship; AND

4 2. DOES NOT PROVIDE DEBT SETTLEMENT SERVICES ON
5 A REGULAR AND CONTINUING BASIS;

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 a bill payer service, as defined in § 12–401 of this
12 title;

13 2. Does not initiate any contract with individual creditors of
14 a 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 an accelerated mortgage payment service,
17 as defined in § 12–401 of this title;

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

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

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

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

24 (4) (i) A mortgage lender, as defined in § 11–501 of this article:

25 1. That is licensed by the Commissioner; and

26 2. While engaged in the mortgage lending business, as
27 defined in § 11–501 of this article; or

28 (ii) An employee of a mortgage lender; or

1 (5) A collection agency, as defined in § 7–101 of the Business Regulation
2 Article:

3 (i) That is licensed by the State Collection Agency Licensing Board;
4 and

5 (ii) While engaged in the collection agency business, as defined in §
6 7–101 of the Business Regulation Article.

7 12–1010.

8 (e) (1) Subject to paragraph (2) of this subsection, for each individual debt, a
9 debt settlement services fee shall[:

10 (i) Bear the same proportional relationship to the debt settlement
11 services fee for settling the total debt as the individual debt amount bears to the total debt;
12 or

13 (ii) Be] **BE** calculated as a percentage of the amount by which the
14 principal amount of the debt exceeds the amount paid to the creditor or debt collector to
15 settle the debt.

16 [(2) The percentage charged under paragraph (1)(ii) of this subsection shall
17 be the same for each individual debt.]

18 **(2) WITH RESPECT TO EACH INDIVIDUAL DEBT, A REGISTRANT MAY**
19 **NOT CHARGE A DEBT SETTLEMENT SERVICES FEE THAT EXCEEDS 40% OF THE**
20 **EXCESS OF THE PRINCIPAL AMOUNT OF THE DEBT OVER THE AMOUNT PAID TO THE**
21 **CREDITOR OR DEBT COLLECTOR TO SETTLE THE INDIVIDUAL DEBT.**

22 [12–1015.

23 (a) On or before March 15 of each year, a registrant shall report to the
24 Commissioner on the debt settlement services business of the registrant conducted during
25 the preceding calendar year.

26 (b) The annual report shall be on the form that the Commissioner requires.]

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
28 1, 2016.