

SENATE BILL 527

I2

7lr3270
CF 7lr2976

By: Senator Middleton

Introduced and read first time: February 1, 2017

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Credit Regulation – Unsecured Open End Credit Plans – Fees and Charges**

3 FOR the purpose of providing that certain fees and charges permitted to be imposed on a
4 certain consumer borrower under a certain unsecured open end credit plan, when
5 combined with any interest charged under the plan, may not exceed a certain
6 effective rate of interest; making a conforming change; and generally relating to the
7 regulation of fees and charges under unsecured open end credit plans.

8 BY repealing and reenacting, with amendments,

9 Article – Commercial Law

10 Section 12-905

11 Annotated Code of Maryland

12 (2013 Replacement Volume and 2016 Supplement)

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

14 That the Laws of Maryland read as follows:

15 **Article – Commercial Law**

16 12-905.

17 (a) With respect to an unsecured open end credit plan, fees or charges may not be
18 imposed on a consumer borrower in addition to interest or finance charges as permitted by
19 this subtitle, except as follows:

20 (1) If the plan is offered by a seller of goods or services, or both, and may
21 be used only for the purchase or lease of the seller's goods and services, the seller may
22 charge one of the following fees:

23 (i) An annual charge in any amount the agreement provides for the
24 privileges made available to the consumer borrower under the plan;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(ii) A transaction charge or charges in such amount or amounts as the agreement may provide for each separate purchase under the plan; or

3 (iii) A minimum charge for each scheduled billing period under the
4 plan during any portion of which there is an outstanding unpaid indebtedness under the
5 plan.

10 (ii) A transaction charge or charges in such amount or amounts as
11 the agreement may provide for each separate purchase or loan under the plan; and

12 (iii) A minimum charge for each scheduled billing period under the
13 plan during any portion of which there is an outstanding unpaid indebtedness under the
14 plan.

19 (i) An over the limit fee assessed on a credit card account; and

20 (ii) Fees for ancillary and administrative services requested by the
21 member, including:

22 1. Researching account records;

23 2. Providing duplicate statements and other documents; and

26 (b) (1) Except as provided in subsection (f) of this section, with respect to a
27 secured open end credit plan, fees or charges may not be imposed on a consumer borrower
28 in addition to interest or finance charges except for actual and verifiable fees incurred by
29 the credit grantor and not retained by the credit grantor for the following:

32 (ii) Any expense, tax, or charge paid to a governmental agency;

(iv) Premiums for any insurance coverage permitted under this subtitle.

10 (d) If a plan is established for a nonconsumer borrower, the nonconsumer
11 borrower and credit grantor may agree upon any terms concerning charges and fees.

18 (f) (1) Subject to the provisions of paragraphs (2) through (8) of this
19 subsection, a credit grantor of an open end credit plan that is secured by a deposit, savings,
20 passbook, or other similar account or certificate of deposit may impose:

21 (i) An application fee not to exceed \$35; and

22 (ii) An annual charge not to exceed \$35 for the privileges made
23 available to the consumer borrower under the plan.

24 (2) If an application to the plan is approved, the credit grantor shall credit
25 the application fee:

26 (i) To the initial annual charge; and

27 (ii) If there is no annual charge, to the interest or finance charges
28 under the plan.

3 (i) Accept the application; or

4 (ii) Reject the application and return the application fee to the
5 applicant.

9 (6) The application shall state the amount of:

10 (i) The minimum required security; and

11 (ii) The application fee.

12 (7) The agreement shall state the amount of the annual charge.

16 (i) A rate of 4 percent per annum simple interest; or

17 (ii) The rate of interest regularly paid on regular passbook savings
18 accounts by the lending institution that issued the deposit, savings, passbook, or other
19 similar account or certificate of deposit required as security.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
21 1, 2017.