Article - Financial Institutions

[Previous][Next]

§12–1010.

(a) Except as allowed under this subtitle, a registrant may not offer, provide, or attempt to provide debt settlement services in the State.

(b) (1) A registrant may charge a consumer a debt settlement services fee as provided under this section.

(2) A registrant may not:

(i) Charge a consumer a fee for consultation or for obtaining a consumer's credit report; or

(ii) Require a voluntary contribution from a consumer for any service provided by the registrant.

(c) Except as provided under subsection (d) of this section, a registrant may not charge a consumer a debt settlement services fee until after:

(1) A debt settlement services agreement has been executed between the registrant and the consumer;

(2) The registrant has renegotiated, settled, reduced, or otherwise altered the terms of at least one individual debt specified in the debt settlement services agreement; and

(3) The consumer has made at least one payment in accordance with the debt settlement services agreement.

(d) Subsection (c) of this section does not prohibit a registrant from requesting or requiring a consumer to deposit funds in an account to be used for debt settlement services fees and for payments to creditors or debt collectors in connection with a debt settlement services agreement, provided that:

(1) The funds are held in an account at an insured financial institution, as defined in § 1–101 of this article;

(2) The consumer owns the funds held in the account, including any accrued interest;

(3) The financial institution or entity administering the account is not owned or controlled by, or in any way affiliated with, the registrant;

(4) The financial institution or entity administering the account does not pay or accept any money or other compensation in exchange for referrals of business involving the registrant, but may charge account related fees; and

(5) If the consumer requests to withdraw from the debt settlement services agreement, within 7 days after the consumer's request, all funds in the account, including accrued interest, less any debt settlement services fees earned by the registrant in compliance with this section, are paid to the consumer.

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

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

(ii) Be calculated as a percentage of the amount by which the principal amount of the debt exceeds the amount paid to the creditor or debt collector to settle the debt.

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

(f) (1) A registrant shall allow a consumer to withdraw from a debt settlement services agreement at any time.

(2) If a consumer withdraws from the debt settlement services agreement, the registrant:

(i) May not charge the consumer a penalty; and

(ii) May collect debt settlement services fees earned by the registrant in compliance with this section.

[Previous][Next]