

SENATE BILL 317

I2

6lr0858

By: **Senators Brooks, Gile, and Simonaire**

Introduced and read first time: January 22, 2026

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Credit Regulation – Maximum Interest Rate for Active Service Members**
3 **(Service Members Civil Relief Act)**

4 FOR the purpose of prohibiting a creditor from charging an annual interest rate above a
5 certain level on a certain obligation held by an active service member or jointly by
6 an active service member and the active service member's spouse; requiring that the
7 active service member or the active service member's spouse provide the creditor
8 with certain notice and documentation within a certain time; authorizing a court to
9 grant relief from application of this Act after making a certain finding; and generally
10 relating to credit regulation and active service members.

11 BY adding to
12 Article – Commercial Law
13 Section 12–102.1
14 Annotated Code of Maryland
15 (2013 Replacement Volume and 2025 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Commercial Law
18 Section 12–107
19 Annotated Code of Maryland
20 (2013 Replacement Volume and 2025 Supplement)

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

23 **Article – Commercial Law**

24 **12–102.1.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "ACTIVE DUTY" HAS THE MEANING STATED IN § 9-901 OF THE STATE GOVERNMENT ARTICLE.

(3) "ACTIVE SERVICE MEMBER" HAS THE MEANING STATED IN § 9-901 OF THE STATE GOVERNMENT ARTICLE.

(4) "OBLIGATION" MEANS A LOAN OR ANY OTHER FINANCING ARRANGEMENT MADE UNDER THIS TITLE.

(5) "SERVICE MEMBER" HAS THE MEANING STATED IN § 9-901 OF THE STATE GOVERNMENT ARTICLE.

(B) (1) THIS SUBSECTION APPLIES TO AN OBLIGATION HELD JOINTLY BY AN ACTIVE SERVICE MEMBER AND THE ACTIVE SERVICE MEMBER'S SPOUSE.

(2) SUBJECT TO SUBSECTIONS (E) AND (F) OF THIS SECTION AND NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE, A CREDITOR MAY NOT CHARGE INTEREST IN EXCESS OF AN EFFECTIVE RATE OF SIMPLE INTEREST OF 6% PER YEAR ON THE UNPAID PRINCIPAL BALANCE OF AN OBLIGATION HELD BY AN ACTIVE SERVICE MEMBER.

(C) IF A SERVICE MEMBER IS ASSIGNED TO ACTIVE DUTY DURING THE TERM OF REPAYMENT FOR AN OBLIGATION, INTEREST IN EXCESS OF 6% PER YEAR ON THE OBLIGATION HELD BY THE SERVICE MEMBER SHALL BE REDUCED IN ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION.

(D) ON A REDUCTION OF AN ANNUAL INTEREST RATE UNDER SUBSECTION (C) OF THIS SECTION:

(1) INTEREST CHARGES IN EXCESS OF 6% PER YEAR THAT WOULD OTHERWISE BE OWED BUT FOR THE REDUCTION SHALL BE FORGIVEN; AND

(2) ANY PERIODIC PAYMENTS DUE DURING THE SERVICE MEMBER'S TERM OF ACTIVE DUTY SHALL BE RECALCULATED AT THE REDUCED ANNUAL INTEREST RATE USING THE SAME REPAYMENT FREQUENCY AND TERM THAT EXISTED IMMEDIATELY BEFORE THE SERVICE MEMBER'S ACTIVE-DUTY ASSIGNMENT.

(E) TO QUALIFY FOR AN INTEREST RATE REDUCTION UNDER THIS SECTION, THE SERVICE MEMBER OR THE SERVICE MEMBER'S SPOUSE SHALL PROVIDE TO THE

CREDITOR NOT LATER THAN 180 DAYS AFTER THE SERVICE MEMBER IS
TERMINATED OR RELEASED FROM ACTIVE DUTY:

(1) WRITTEN NOTICE OF THE INTENTION TO HAVE AN OBLIGATION
SUBJECT TO THE INTEREST RATE LIMITATION UNDER THIS SECTION;

(2) A COPY OF THE MILITARY OR GUBERNATORIAL ORDERS CALLING
THE SERVICE MEMBER TO ACTIVE DUTY; AND

(3) A COPY OF ANY ORDERS EXTENDING ACTIVE-DUTY SERVICE.

(F) IF A COURT FINDS THAT THE ABILITY OF A SERVICE MEMBER OR A
SERVICE MEMBER'S SPOUSE TO PAY INTEREST CHARGES AT A RATE IN EXCESS OF
THE AMOUNT ALLOWED UNDER THIS SECTION IS NOT MATERIALLY AFFECTED BY
THE SERVICE MEMBER'S ASSIGNMENT TO ACTIVE DUTY, THE COURT MAY GRANT THE
CREDITOR RELIEF FROM THE INTEREST RATE LIMITATION OF THIS SECTION.

12-107.

If a charge or fee considered interest under this subtitle is charged at or before the
inception of a loan contract, the effective rate of simple interest permitted to be charged by
§§ 12-102, ~~12-102.1~~, and 12-103 of this subtitle, and required to be disclosed by § 12-106
of this subtitle shall be determined in the same manner as if the fee or charge had not been
charged, except that the principal of the loan used in determining the rate of interest is the
face amount of the loan less the fee or charge.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
1, 2026.