

SENATE BILL 881

I1
SB 754/25 – FIN

6lr2830
CF HB 1007

By: **Senator Kramer**

Introduced and read first time: February 6, 2026

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 3, 2026

CHAPTER _____

1 AN ACT concerning

2 **Financial Institutions and Activities – Licensing Requirements and Regulation**
3 **of Commercial Financing – ~~Small Business Truth in Lending Act~~**

4 FOR the purpose of regulating commercial financing transactions, including by
5 establishing requirements related to certain disclosures, calculations of annual
6 percentage rates, terms of repayments, and other related items, and the extension of
7 specific offers; providing that the revocation, suspension, surrender, or other
8 termination of a certain license does not relieve a person of the obligation to pay
9 certain assessments imposed by the Commissioner of Financial Regulation;
10 prohibiting a person from engaging in the business of commercial financing unless
11 that person is licensed by the Commissioner or exempt from the licensing
12 requirement; establishing certain requirements and other provisions governing the
13 licensing and regulation of a person engaging in the business of commercial
14 financing, including applications, Nationwide Multistate Licensing System (NMLS)
15 information, use of trade names, examination, and enforcement; and generally
16 relating to commercial financing transactions and the licensing of financial services
17 providers.

18 BY adding to

19 Article – Commercial Law

20 Section 12–1601 through 12–1616 to be under the new subtitle “Subtitle 16.

21 Commercial Financing – Credit Provisions”

22 Annotated Code of Maryland

23 (2013 Replacement Volume and 2025 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,
 2 Article – Financial Institutions
 3 Section 2–120
 4 Annotated Code of Maryland
 5 (2020 Replacement Volume and 2025 Supplement)

6 BY adding to
 7 Article – Financial Institutions
 8 Section ~~12–1301~~ 14–101 through ~~12–1314~~ 14–213 to be under the new ~~subtitle~~ title
 9 “~~Subtitle 13~~ Title 14. Commercial Financing”
 10 Annotated Code of Maryland
 11 (2020 Replacement Volume and 2025 Supplement)

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

14 **Article – ~~Financial Institutions~~ Commercial Law**

15 **SUBTITLE ~~13~~ 16. COMMERCIAL FINANCING – CREDIT PROVISIONS.**

16 **~~12–1301~~ 12–1601.**

17 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
 18 INDICATED.

19 (B) (1) “CLOSED–END FINANCING” MEANS A CLOSED–END EXTENSION OF
 20 CREDIT, SECURED OR UNSECURED, INCLUDING EQUIPMENT FINANCING, THAT:

21 (I) DOES NOT MEET THE DEFINITION OF A LEASE UNDER
 22 ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE; AND

23 (II) THE PROCEEDS OF WHICH A RECIPIENT DOES NOT INTEND
 24 TO USE PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

25 (2) “CLOSED–END FINANCING” INCLUDES FINANCING THAT HAS AN
 26 ESTABLISHED PRINCIPAL AMOUNT AND DURATION.

27 (C) “COMMERCIAL FINANCING” MEANS OPEN–END FINANCING,
 28 CLOSED–END FINANCING, SALES–BASED FINANCING, A FACTORING TRANSACTION,
 29 OR ANOTHER FORM OF FINANCING, THE PROCEEDS OF WHICH THE RECIPIENT DOES
 30 NOT INTEND TO USE PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD
 31 PURPOSES.

32 (D) “COMMERCIAL FINANCING TRANSACTION” MEANS A TRANSACTION IN
 33 WHICH A PROVIDER EXTENDS COMMERCIAL FINANCING TO A RECIPIENT.

1 **(E) “COMMISSIONER” HAS THE MEANING STATED IN § 1-101 OF THE**
2 **FINANCIAL INSTITUTIONS ARTICLE.**

3 ~~(D)~~ **(F) “FACTORING TRANSACTION” MEANS AN ACCOUNTS RECEIVABLE**
4 **PURCHASE TRANSACTION:**

5 **(1) THAT INCLUDES AN AGREEMENT TO PURCHASE, TRANSFER, OR**
6 **SELL A LEGALLY ENFORCEABLE CLAIM FOR PAYMENT HELD BY A RECIPIENT FOR**
7 **GOODS THE RECIPIENT HAS SUPPLIED OR SERVICES THE RECIPIENT HAS RENDERED**
8 **THAT HAVE BEEN ORDERED BUT FOR WHICH PAYMENT HAS NOT BEEN MADE; AND**

9 **(2) THE PROCEEDS OF WHICH THE RECIPIENT DOES NOT INTEND TO**
10 **USE PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.**

11 ~~(E)~~ **(G) (1) “FINANCE CHARGE” MEANS THE COST OF COMMERCIAL**
12 **FINANCING REPRESENTED AS A DOLLAR AMOUNT.**

13 **(2) “FINANCE CHARGE” INCLUDES:**

14 **(I) A CHARGE PAYABLE DIRECTLY OR INDIRECTLY BY A**
15 **RECIPIENT AND IMPOSED DIRECTLY OR INDIRECTLY BY A PROVIDER AS AN**
16 **INCIDENT TO OR A CONDITION OF THE EXTENSION OF COMMERCIAL FINANCING;**

17 **(II) A CHARGE THAT WOULD BE INCLUDED UNDER 12 C.F.R. §**
18 **1026.4 IF A TRANSACTION WERE SUBJECT TO 12 C.F.R. § 1026.4; AND**

19 **(III) ANY ADDITIONAL CHARGES DETERMINED BY THE**
20 **COMMISSIONER BY REGULATION.**

21 ~~(F)~~ **(H) (1) “OPEN-END FINANCING” MEANS AN AGREEMENT FOR ONE**
22 **OR MORE EXTENSIONS OF SECURED OR UNSECURED OPEN-END CREDIT, THE**
23 **PROCEEDS OF WHICH A RECIPIENT DOES NOT INTEND TO USE PRIMARILY FOR**
24 **PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.**

25 **(2) “OPEN-END FINANCING” INCLUDES CREDIT EXTENDED BY A**
26 **PROVIDER UNDER A PLAN IN WHICH:**

27 **(I) THE PROVIDER REASONABLY CONTEMPLATES REPEATED**
28 **TRANSACTIONS;**

29 **(II) THE PROVIDER MAY IMPOSE A FINANCE CHARGE ON AN**
30 **OUTSTANDING UNPAID BALANCE; AND**

1 (III) THE AMOUNT OF CREDIT THAT MAY BE EXTENDED TO A
 2 RECIPIENT DURING THE TERM OF THE PLAN, UP TO A LIMIT THAT THE PROVIDER
 3 SETS, IS GENERALLY MADE AVAILABLE TO THE EXTENT THAT ANY OUTSTANDING
 4 BALANCE IS REPAID.

5 (I) “PERSON” HAS THE MEANING STATED IN § 1-101 OF THE FINANCIAL
 6 INSTITUTIONS ARTICLE.

7 ~~(G)~~ (J) ~~(I)~~ “PROVIDER” MEANS A PERSON THAT, EITHER DIRECTLY OR
 8 THROUGH A THIRD PARTY, EXTENDS A SPECIFIC OFFER OF COMMERCIAL FINANCING
 9 TO A RECIPIENT.

10 ~~(2) “PROVIDER” INCLUDES A PERSON THAT SOLICITS AND PRESENTS~~
 11 ~~A SPECIFIC OFFER OF COMMERCIAL FINANCING ON BEHALF OF A THIRD PARTY.~~

12 ~~(H)~~ (K) (1) “RECIPIENT” MEANS A PERSON, OR THE PERSON’S
 13 AUTHORIZED REPRESENTATIVE, THAT APPLIES FOR COMMERCIAL FINANCING AND
 14 IS MADE A SPECIFIC OFFER OF COMMERCIAL FINANCING BY A PROVIDER.

15 (2) “RECIPIENT” DOES NOT INCLUDE A PERSON ACTING AS A
 16 BROKER.

17 ~~(I)~~ (L) (1) “SALES-BASED FINANCING” MEANS A TRANSACTION:

18 (I) THAT IS REPAID BY A RECIPIENT TO A PROVIDER OVER TIME
 19 AS A PERCENTAGE OF SALES OR REVENUE, IN WHICH THE PAYMENT AMOUNT MAY
 20 INCREASE OR DECREASE ACCORDING TO THE VOLUME OF SALES MADE OR REVENUE
 21 RECEIVED BY THE RECIPIENT; AND

22 (II) THE PROCEEDS OF WHICH THE RECIPIENT DOES NOT
 23 INTEND TO USE PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

24 (2) “SALES-BASED FINANCING” INCLUDES A TRANSACTION
 25 CONTAINING A TRUE-UP MECHANISM UNDER WHICH THE FINANCING IS REPAID AS
 26 A FIXED PAYMENT BUT PROVIDES FOR A RECONCILIATION PROCESS THAT ADJUSTS
 27 THE PAYMENT TO AN AMOUNT THAT IS A PERCENTAGE OF SALES OR REVENUE.

28 ~~(J)~~ (M) “SPECIFIC OFFER” MEANS THE TERMS OF COMMERCIAL
 29 FINANCING THAT ARE QUOTED TO A RECIPIENT, BASED ON INFORMATION OBTAINED
 30 FROM OR ABOUT THE RECIPIENT, THAT, IF ACCEPTED BY THE RECIPIENT, ARE
 31 BINDING ON A PROVIDER, AS APPLICABLE, SUBJECT TO REQUIREMENTS STATED IN
 32 THE TERMS OF THE COMMERCIAL FINANCING.

33 ~~12-1302.~~ 12-1602.

1 **THIS SUBTITLE DOES NOT APPLY TO:**

2 **(1) (I) A ~~FEDERAL OR STATE~~ BANK, CREDIT UNION, OR SAVINGS**
3 **ASSOCIATION INCORPORATED OR CHARTERED UNDER THE LAWS OF ANY STATE OR**
4 **THE UNITED STATES; OR**

5 **(II) A SUBSIDIARY OR AFFILIATE OF AN ORGANIZATION LISTED**
6 **IN ITEM (I) OF THIS ITEM;**

7 **(2) A PERSON ACTING AS A TECHNOLOGY SERVICES PROVIDER TO AN**
8 **ENTITY EXEMPT UNDER THIS SECTION FOR USE AS PART OF THE ENTITY'S**
9 **COMMERCIAL FINANCING PROGRAM IF THE PERSON DOES NOT HAVE AN INTEREST,**
10 **ARRANGEMENT, OR AGREEMENT TO PURCHASE ANY INTEREST IN THE COMMERCIAL**
11 **FINANCING EXTENDED BY THE ENTITY IN CONNECTION WITH THE COMMERCIAL**
12 **FINANCING PROGRAM;**

13 **(3) A LENDER REGULATED UNDER THE FEDERAL FARM CREDIT ACT;**

14 **(4) A COMMERCIAL FINANCING TRANSACTION SECURED BY REAL**
15 **PROPERTY;**

16 **(5) A LEASE AS DEFINED IN ARTICLE 2A OF THE UNIFORM**
17 **COMMERCIAL CODE;**

18 **(6) A PROVIDER OR OTHER PERSON WHO MAKES NOT MORE THAN**
19 **FIVE COMMERCIAL FINANCING TRANSACTIONS IN THE STATE IN A 12-MONTH**
20 **PERIOD;**

21 **(7) A COMMERCIAL FINANCING TRANSACTION OF MORE THAN**
22 **\$2,500,000;**

23 **(8) A COMMERCIAL FINANCING TRANSACTION:**

24 **(I) IN WHICH THE RECIPIENT IS:**

25 **1. A DEALER, OR AN AFFILIATE OF A DEALER, AS**
26 **DEFINED IN § 11-111 OF THE TRANSPORTATION ARTICLE; OR**

27 **2. A RENTAL VEHICLE COMPANY, OR AN AFFILIATE OF A**
28 **RENTAL VEHICLE COMPANY, AS DEFINED IN § 18-108 OF THE TRANSPORTATION**
29 **ARTICLE; AND**

1 (ii) MADE UNDER A COMMERCIAL FINANCING AGREEMENT OR
2 COMMERCIAL OPEN-END CREDIT PLAN OF AT LEAST \$50,000, INCLUDING A
3 COMMERCIAL LOAN MADE IN ACCORDANCE WITH THE COMMERCIAL FINANCING
4 TRANSACTION;

5 (9) A COMMERCIAL FINANCING TRANSACTION THAT IS A FACTORING
6 TRANSACTION, AN ADVANCE, OR A SIMILAR TRANSACTION OF ACCOUNTS
7 RECEIVABLE OWED TO A HEALTH CARE PROVIDER BECAUSE OF A PATIENT'S
8 PERSONAL INJURY TREATED BY THE HEALTH CARE PROVIDER; OR

9 (10) A PREMIUM FINANCE AGREEMENT, AS DEFINED IN § 23-101 OF
10 THE INSURANCE ARTICLE.

11 ~~12-1303.~~ 12-1603.

12 (A) EXCEPT AS PROVIDED IN ~~§ 12-1307~~ § 12-1607 OF THIS SUBTITLE, FOR
13 PURPOSES OF THIS SUBTITLE, AN ANNUAL PERCENTAGE RATE SHALL BE:

14 (1) EXPRESSED AS A YEARLY RATE, INCLUDING ALL FEES AND
15 FINANCE CHARGES; AND

16 (2) CALCULATED IN ACCORDANCE WITH THE FEDERAL TRUTH IN
17 LENDING ACT.

18 (B) IN ADDITION TO THE REQUIREMENTS OF SUBSECTION (A)(2) OF THIS
19 SECTION, AN ANNUAL PERCENTAGE RATE SHALL BE CALCULATED BASED ON THE
20 ESTIMATED TERM OF REPAYMENT AND THE PROJECTED PERIODIC PAYMENT
21 AMOUNTS OF A COMMERCIAL FINANCING TRANSACTION, REGARDLESS OF WHETHER
22 FEDERAL LAW OR REGULATION WOULD REQUIRE AN ANNUAL PERCENTAGE RATE TO
23 BE CALCULATED FOR A CERTAIN TRANSACTION.

24 (C) THIS SECTION MAY NOT BE CONSTRUED TO IMPOSE ANY LIABILITY ON A
25 PROVIDER THAT CHARGES AN ANNUAL PERCENTAGE RATE THAT DIFFERS FROM THE
26 ESTIMATED ANNUAL PERCENTAGE RATE DISCLOSED BY THE PROVIDER IN
27 ACCORDANCE WITH THIS SUBTITLE OR ANY REGULATION ADOPTED UNDER THIS
28 SUBTITLE.

29 ~~12-1304.~~ 12-1604.

30 (A) IN THIS SECTION, "TOTAL REPAYMENT AMOUNT" MEANS THE
31 DISBURSEMENT AMOUNT OF A SALES-BASED FINANCING TRANSACTION PLUS THE
32 FINANCE CHARGE.

1 **(B) (1) A PROVIDER SHALL DISCLOSE THE FOLLOWING INFORMATION TO**
2 **A RECIPIENT WHEN EXTENDING A SPECIFIC OFFER OF SALES-BASED FINANCING:**

3 **(I) THE TOTAL AMOUNT OF THE SALES-BASED FINANCING AND**
4 **THE DISBURSEMENT AMOUNT, IF DIFFERENT FROM THE FINANCING AMOUNT,**
5 **MINUS ANY FEES DEDUCTED OR WITHHELD AT DISBURSEMENT;**

6 **(II) THE FINANCE CHARGE;**

7 **(III) THE ESTIMATED ANNUAL PERCENTAGE RATE OF THE**
8 **SALES-BASED FINANCING, USING THE WORDS "ANNUAL PERCENTAGE RATE" OR THE**
9 **ABBREVIATION "APR";**

10 **(IV) THE TOTAL REPAYMENT AMOUNT;**

11 **(V) THE ESTIMATED TERM OF REPAYMENT, AS DEFINED IN §**
12 **~~12-1305~~ 12-1605 OF THIS SUBTITLE;**

13 **(VI) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**
14 **PROJECTED PERIODIC PAYMENT AMOUNTS;**

15 **(VII) A DESCRIPTION OF ANY OTHER POTENTIAL FEES AND**
16 **CHARGES NOT INCLUDED IN THE FINANCE CHARGE, INCLUDING DRAW FEES, LATE**
17 **PAYMENT FEES, AND RETURNED PAYMENT FEES; AND**

18 **(VIII) IF APPLICABLE, A DESCRIPTION OF COLLATERAL**
19 **REQUIREMENTS OR SECURITY INTERESTS.**

20 **(2) (I) FOR PAYMENT AMOUNTS THAT ARE FIXED, A PROVIDER**
21 **SHALL DISCLOSE:**

22 1. **THE PAYMENT AMOUNTS AND FREQUENCY; AND**

23 2. **IF THE PAYMENT FREQUENCY IS OTHER THAN**
24 **MONTHLY, THE AMOUNT OF THE AVERAGE PROJECTED PAYMENTS PER MONTH.**

25 **(II) FOR PAYMENT AMOUNTS THAT ARE VARIABLE, A PROVIDER**
26 **SHALL DISCLOSE:**

27 1. **THE PAYMENT SCHEDULE OR A DESCRIPTION OF THE**
28 **METHOD USED TO CALCULATE THE AMOUNTS AND FREQUENCY OF PAYMENTS; AND**

29 2. **THE AMOUNT OF THE AVERAGE PROJECTED**
30 **PAYMENTS PER MONTH.**

1 (C) (1) IF A RECIPIENT PAYS OFF OR REFINANCES THE SALES-BASED
2 FINANCING BEFORE THE END OF THE SCHEDULED REPAYMENT PERIOD, A
3 PROVIDER SHALL DISCLOSE WHETHER THE RECIPIENT WOULD BE REQUIRED TO
4 PAY:

5 (I) ANY FINANCE CHARGES OTHER THAN THE INTEREST
6 ACCRUED SINCE THE RECIPIENT'S LAST PAYMENT; AND

7 (II) ANY ADDITIONAL FEES NOT INCLUDED IN THE FINANCE
8 CHARGE.

9 (2) IF A RECIPIENT WOULD BE REQUIRED TO PAY ADDITIONAL
10 FINANCE CHARGES OTHER THAN THE INTEREST ACCRUED SINCE THE RECIPIENT'S
11 LAST PAYMENT, A PROVIDER SHALL DISCLOSE THE PERCENTAGE OF ANY UNPAID
12 PORTION OF THE FINANCE CHARGE AND THE MAXIMUM DOLLAR AMOUNT THE
13 RECIPIENT COULD BE REQUIRED TO PAY.

14 ~~12-1305~~, 12-1605.

15 (A) IN THIS SECTION, "ESTIMATED TERM OF REPAYMENT" MEANS THE
16 AMOUNT OF TIME REQUIRED FOR THE PERIODIC PAYMENTS MADE BY A RECIPIENT
17 IN A SALES-BASED FINANCING TRANSACTION TO EQUAL THE TOTAL AMOUNT
18 REQUIRED TO BE REPAID.

19 (B) (1) A PROVIDER SHALL USE THE PROJECTED SALES VOLUME OF A
20 RECIPIENT TO CALCULATE THE FOLLOWING INFORMATION RELATED TO A
21 SALES-BASED FINANCING TRANSACTION:

22 (I) THE ESTIMATED TERM OF REPAYMENT AND THE
23 PROJECTED PAYMENT AMOUNTS OF A SALES-BASED FINANCING TRANSACTION; AND

24 (II) THE ESTIMATED ANNUAL PERCENTAGE RATE OF A
25 SALES-BASED FINANCING TRANSACTION.

26 (2) THE ESTIMATED ANNUAL PERCENTAGE RATE OF A SALES-BASED
27 FINANCING TRANSACTION SHALL BE CALCULATED:

28 (I) IN ACCORDANCE WITH THE FEDERAL TRUTH IN LENDING
29 ACT AND REGULATION Z, 12 C.F.R. § 1026.22; AND

30 (II) BASED ON THE ESTIMATED TERM OF REPAYMENT AND
31 PROJECTED SALES VOLUME OF A RECIPIENT.

1 (C) (1) A PROVIDER MAY CALCULATE THE PROJECTED SALES VOLUME OF
2 A RECIPIENT USING EITHER THE HISTORICAL METHOD OR THE OPT-IN METHOD.

3 (2) (I) A PROVIDER THAT USES THE HISTORICAL METHOD TO
4 CALCULATE THE PROJECTED SALES VOLUME OF A RECIPIENT SHALL USE AN
5 AVERAGE HISTORICAL VOLUME OF SALES OR REVENUE.

6 (II) A PROVIDER SHALL FIX THE HISTORICAL TIME PERIOD
7 USED TO CALCULATE THE AVERAGE HISTORICAL VOLUME AND USE THE SAME TIME
8 PERIOD FOR ALL DISCLOSURE PURPOSES FOR ANY SALES-BASED FINANCING
9 TRANSACTION PRODUCTS OFFERED.

10 (III) EXCEPT AS PROVIDED IN SUBPARAGRAPH (IV) OF THIS
11 PARAGRAPH, THE FIXED HISTORICAL TIME PERIOD:

12 1. MAY NOT BE LESS THAN 1 MONTH AND MAY NOT
13 EXCEED 12 MONTHS; AND

14 2. SHALL BE THE TIME PERIOD DIRECTLY BEFORE THE
15 SPECIFIC OFFER WAS MADE.

16 (IV) A PROVIDER MAY CHOOSE TO USE THE AVERAGE SALES FOR
17 THE SAME NUMBER OF MONTHS AS THE PROVIDER WOULD HAVE USED UNDER
18 SUBPARAGRAPH (III) OF THIS PARAGRAPH WITH THE HIGHEST SALES VOLUME
19 WITHIN THE PAST 12 MONTHS.

20 (3) A PROVIDER MAY USE THE OPT-IN METHOD TO DETERMINE THE
21 INFORMATION LISTED UNDER SUBSECTION (B)(1) OF THIS SECTION BY USING A
22 PROJECTED SALES VOLUME THAT THE PROVIDER CHOOSES FOR EACH DISCLOSURE
23 IF THE RECIPIENT PARTICIPATES IN A REVIEW PROCESS ESTABLISHED BY THE
24 COMMISSIONER.

25 (D) A PROVIDER SHALL NOTIFY THE COMMISSIONER OF WHICH OF THE TWO
26 METHODS THE PROVIDER INTENDS TO USE WHEN CALCULATING THE ESTIMATED
27 ANNUAL PERCENTAGE RATE OF EACH SALES-BASED FINANCING TRANSACTION.

28 (E) (1) ON OR BEFORE JANUARY 1 ~~EACH YEAR,~~ 2028, AND EACH
29 JANUARY 1 THEREAFTER, A PROVIDER THAT ELECTS TO USE THE OPT-IN METHOD
30 UNDER SUBSECTION (C)(3) OF THIS SECTION SHALL REPORT TO THE
31 COMMISSIONER ON:

32 (I) THE ESTIMATED ANNUAL PERCENTAGE RATES GIVEN TO
33 EACH RECIPIENT; AND

1 (II) THE ACTUAL ANNUAL PERCENTAGE RATES OF EACH
2 COMPLETED SALES-BASED FINANCING TRANSACTION.

3 (2) (I) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS
4 SUBSECTION SHALL CONTAIN ANY INFORMATION THE COMMISSIONER CONSIDERS
5 NECESSARY TO DETERMINE WHETHER THE DEVIATION BETWEEN THE ESTIMATED
6 ANNUAL PERCENTAGE RATES AND ACTUAL ANNUAL PERCENTAGE RATES OF
7 COMPLETED SALES-BASED FINANCING TRANSACTIONS IS REASONABLE.

8 (II) THE COMMISSIONER MAY CONSIDER EXTRAORDINARY
9 CIRCUMSTANCES WHEN DETERMINING WHETHER THE PROVIDER'S DEVIATION
10 BETWEEN THE ESTIMATED ANNUAL PERCENTAGE RATE AND ACTUAL ANNUAL
11 PERCENTAGE RATE OF A SALES-BASED FINANCING TRANSACTION IS REASONABLE.

12 (III) IF THE COMMISSIONER FINDS THAT THERE WAS AN
13 UNREASONABLE DEVIATION BETWEEN ESTIMATED AND ACTUAL ANNUAL
14 PERCENTAGE RATES OF SALES-BASED FINANCING TRANSACTIONS, THE
15 COMMISSIONER MAY REQUIRE THE PROVIDER TO USE THE HISTORICAL METHOD
16 INSTEAD OF THE OPT-IN METHOD IN DETERMINING THE PROJECTED SALES VOLUME
17 OF THE RECIPIENT.

18 ~~12-1306~~ 12-1606.

19 (A) IN THIS SECTION, "TOTAL REPAYMENT AMOUNT" MEANS THE
20 DISBURSEMENT AMOUNT OF A CLOSED-END FINANCING TRANSACTION PLUS THE
21 FINANCE CHARGE.

22 (B) (1) A PROVIDER SHALL DISCLOSE THE FOLLOWING INFORMATION TO
23 A RECIPIENT WHEN EXTENDING A SPECIFIC OFFER FOR CLOSED-END FINANCING:

24 (I) THE TOTAL AMOUNT OF THE CLOSED-END FINANCING AND
25 THE DISBURSEMENT AMOUNT, IF DIFFERENT FROM THE FINANCING AMOUNT,
26 MINUS ANY FEES DEDUCTED OR WITHHELD AT DISBURSEMENT;

27 (II) THE TOTAL REPAYMENT AMOUNT;

28 (III) THE FINANCE CHARGE;

29 (IV) THE ANNUAL PERCENTAGE RATE OF THE CLOSED-END
30 FINANCING, USING THE WORDS "ANNUAL PERCENTAGE RATE" OR THE
31 ABBREVIATION "APR";

32 (V) THE TERM OF THE FINANCING;

1 **(VI) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**
2 **PROJECTED PERIODIC PAYMENT AMOUNTS;**

3 **(VII) A DESCRIPTION OF ANY OTHER POTENTIAL FEES AND**
4 **CHARGES NOT INCLUDED IN THE FINANCE CHARGE, INCLUDING DRAW FEES, LATE**
5 **PAYMENT FEES, AND RETURNED PAYMENT FEES; AND**

6 **(VIII) IF APPLICABLE, A DESCRIPTION OF COLLATERAL**
7 **REQUIREMENTS OR SECURITY INTERESTS.**

8 **(2) (I) FOR PAYMENT AMOUNTS THAT ARE FIXED, A PROVIDER**
9 **SHALL DISCLOSE:**

10 **1. THE PAYMENT AMOUNTS AND FREQUENCY; AND**

11 **2. IF THE PAYMENT FREQUENCY IS OTHER THAN**
12 **MONTHLY, THE AMOUNT OF THE AVERAGE PROJECTED PAYMENTS PER MONTH.**

13 **(II) FOR PAYMENT AMOUNTS THAT ARE VARIABLE, A PROVIDER**
14 **SHALL DISCLOSE:**

15 **1. THE PAYMENT SCHEDULE OR A DESCRIPTION OF THE**
16 **METHOD USED TO CALCULATE THE AMOUNTS AND FREQUENCY OF PAYMENTS; AND**

17 **2. THE AMOUNT OF THE AVERAGE PROJECTED**
18 **PAYMENTS PER MONTH.**

19 **(3) THE ANNUAL PERCENTAGE RATE REQUIRED TO BE DISCLOSED**
20 **UNDER PARAGRAPH (1)(IV) OF THIS SUBSECTION SHALL BE:**

21 **(I) EXPRESSED AS A YEARLY RATE, INCLUSIVE OF ANY FEES**
22 **AND FINANCE CHARGES THAT CANNOT BE AVOIDED BY A RECIPIENT; AND**

23 **(II) CALCULATED IN ACCORDANCE WITH THE FEDERAL TRUTH**
24 **IN LENDING ACT AND REGULATION Z, 12 C.F.R. § 1026.22, REGARDLESS OF**
25 **WHETHER FEDERAL LAW OR REGULATION WOULD REQUIRE THE CALCULATION.**

26 **(C) (1) IF A RECIPIENT PAYS OFF OR REFINANCES THE CLOSED-END**
27 **FINANCING BEFORE THE END OF THE SCHEDULED REPAYMENT PERIOD, A**
28 **PROVIDER SHALL DISCLOSE WHETHER THE RECIPIENT WOULD BE REQUIRED TO**
29 **PAY:**

30 **(I) ANY FINANCE CHARGES OTHER THAN THE INTEREST**
31 **ACCRUED SINCE THE RECIPIENT'S LAST PAYMENT; AND**

1 (II) ANY ADDITIONAL FEES NOT INCLUDED IN THE FINANCE
2 CHARGE.

3 (2) IF A RECIPIENT WOULD BE REQUIRED TO PAY ADDITIONAL
4 FINANCE CHARGES OTHER THAN THE INTEREST ACCRUED SINCE THE RECIPIENT'S
5 LAST PAYMENT, A PROVIDER SHALL DISCLOSE THE PERCENTAGE OF ANY UNPAID
6 PORTION OF THE FINANCE CHARGE AND MAXIMUM DOLLAR AMOUNT THE
7 RECIPIENT COULD BE REQUIRED TO PAY.

8 ~~12-1307.~~ 12-1607.

9 (A) IN THIS SECTION, "TOTAL REPAYMENT AMOUNT" MEANS THE DRAW
10 AMOUNT OF THE OPEN-END FINANCING TRANSACTION, MINUS ANY FEES DEDUCTED
11 OR WITHHELD AT DISBURSEMENT, PLUS THE FINANCE CHARGE.

12 (B) (1) WHEN CALCULATING THE TOTAL REPAYMENT AMOUNT IN
13 ACCORDANCE WITH THIS SECTION, A PROVIDER SHALL ASSUME A DRAW AMOUNT
14 EQUAL TO THE MAXIMUM AMOUNT OF CREDIT AVAILABLE TO THE RECIPIENT IF
15 DRAWN AND HELD FOR THE DURATION OF THE TERM OR DRAW PERIOD.

16 (2) WHEN CALCULATING A FINANCE CHARGE IN ACCORDANCE WITH
17 THIS SECTION, A PROVIDER SHALL ASSUME THAT THE MAXIMUM AMOUNT OF CREDIT
18 AVAILABLE TO THE RECIPIENT, IN EACH CASE, IS DRAWN AND HELD FOR THE
19 DURATION OF THE TERM OF THE DRAW PERIOD.

20 (C) (1) A PROVIDER SHALL DISCLOSE THE FOLLOWING INFORMATION TO
21 A RECIPIENT WHEN EXTENDING A SPECIFIC OFFER FOR OPEN-END FINANCING:

22 (I) THE MAXIMUM AMOUNT OF CREDIT AVAILABLE TO THE
23 RECIPIENT AND THE AMOUNT SCHEDULED TO BE DRAWN BY THE RECIPIENT AT THE
24 TIME THE OFFER IS EXTENDED, IF ANY, MINUS ANY FEES DEDUCTED OR WITHHELD
25 AT DISBURSEMENT;

26 (II) THE FINANCE CHARGE;

27 (III) THE TOTAL REPAYMENT AMOUNT;

28 (IV) THE ANNUAL PERCENTAGE RATE OF THE COMMERCIAL
29 FINANCING, USING THE WORDS "ANNUAL PERCENTAGE RATE" OR THE
30 ABBREVIATION "APR";

31 (V) THE TERM OF THE PLAN, IF APPLICABLE, OR THE PERIOD
32 OVER WHICH A DRAW IS AMORTIZED;

1 (VI) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE
2 PAYMENT FREQUENCY AND AMOUNTS;

3 (VII) A DESCRIPTION OF ANY OTHER POTENTIAL FEES AND
4 CHARGES NOT INCLUDED IN THE FINANCE CHARGE, INCLUDING DRAW FEES, LATE
5 PAYMENT FEES, AND RETURNED PAYMENT FEES; AND

6 (VIII) IF APPLICABLE, A DESCRIPTION OF COLLATERAL
7 REQUIREMENTS OR SECURITY INTERESTS.

8 (2) (I) FOR PAYMENT AMOUNTS THAT ARE FIXED, A PROVIDER
9 SHALL DISCLOSE:

10 1. THE PAYMENT AMOUNTS AND FREQUENCY; AND

11 2. IF THE PAYMENT FREQUENCY IS OTHER THAN
12 MONTHLY, THE AMOUNT OF THE AVERAGE PROJECTED PAYMENTS PER MONTH.

13 (II) FOR PAYMENT AMOUNTS THAT ARE VARIABLE, A PROVIDER
14 SHALL DISCLOSE:

15 1. THE PAYMENT SCHEDULE OR A DESCRIPTION OF THE
16 METHOD USED TO CALCULATE THE AMOUNTS AND FREQUENCY OF PAYMENTS; AND

17 2. THE AMOUNT OF THE AVERAGE PROJECTED
18 PAYMENTS PER MONTH.

19 (3) THE ANNUAL PERCENTAGE RATE REQUIRED TO BE DISCLOSED
20 UNDER PARAGRAPH (1)(IV) OF THIS SUBSECTION SHALL BE:

21 (I) EXPRESSED AS A NOMINAL YEARLY RATE, INCLUSIVE OF
22 ANY FEES AND FINANCE CHARGES THAT CANNOT BE AVOIDED BY A RECIPIENT;

23 (II) CALCULATED IN ACCORDANCE WITH THE FEDERAL TRUTH
24 IN LENDING ACT AND REGULATION Z, 12 C.F.R. § 1026.22; AND

25 (III) BASED ON THE MAXIMUM AMOUNT OF CREDIT AVAILABLE
26 TO THE RECIPIENT AND THE TERM RESULTING FROM MAKING THE MINIMUM
27 REQUIRED PAYMENTS AS DISCLOSED, REGARDLESS OF WHETHER FEDERAL LAW OR
28 REGULATION WOULD REQUIRE THE CALCULATION.

29 (D) (1) IF A RECIPIENT PAYS OFF OR REFINANCES THE OPEN-END
30 FINANCING BEFORE THE END OF THE SCHEDULED REPAYMENT PERIOD, A

1 PROVIDER SHALL DISCLOSE WHETHER THE RECIPIENT WOULD BE REQUIRED TO
2 PAY:

3 (I) ANY FINANCE CHARGES OTHER THAN THE INTEREST
4 ACCRUED SINCE THE RECIPIENT'S LAST PAYMENT; AND

5 (II) ANY ADDITIONAL FEES NOT INCLUDED IN THE FINANCE
6 CHARGE.

7 (2) IF A RECIPIENT WOULD BE REQUIRED TO PAY ADDITIONAL
8 FINANCE CHARGES OTHER THAN THE INTEREST ACCRUED SINCE THE RECIPIENT'S
9 LAST PAYMENT, A PROVIDER SHALL DISCLOSE THE PERCENTAGE OF ANY UNPAID
10 PORTION OF THE FINANCE CHARGE AND MAXIMUM DOLLAR AMOUNT THE
11 RECIPIENT COULD BE REQUIRED TO PAY.

12 ~~12-1308.~~ 12-1608.

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

15 (2) "FINANCE CHARGE" INCLUDES A DISCOUNT TAKEN ON THE FACE
16 VALUE OF THE ACCOUNTS RECEIVABLE.

17 (3) "TOTAL PAYMENT AMOUNT" MEANS THE PURCHASE AMOUNT OF
18 THE FACTORING TRANSACTION PLUS THE FINANCE CHARGE.

19 (B) A PROVIDER SHALL DISCLOSE THE FOLLOWING INFORMATION TO A
20 RECIPIENT WHEN EXTENDING A SPECIFIC OFFER FOR A FACTORING TRANSACTION:

21 (1) THE AMOUNT OF THE RECEIVABLES PURCHASE PRICE PAID TO
22 THE RECIPIENT AND, IF DIFFERENT FROM THE PURCHASE PRICE, THE
23 DISBURSEMENT AMOUNT AFTER ANY FEES DEDUCTED OR WITHHELD AT
24 DISBURSEMENT;

25 (2) THE TOTAL PAYMENT AMOUNT;

26 (3) THE FINANCE CHARGE;

27 (4) THE ANNUAL PERCENTAGE RATE OF THE FACTORING
28 TRANSACTION, USING THE WORDS "ANNUAL PERCENTAGE RATE" OR THE
29 ABBREVIATION "APR", CALCULATED ACCORDING TO THE FEDERAL TRUTH IN
30 LENDING ACT AND REGULATION Z, 12 C.F.R. § 1026, APPENDIX J, AS A "SINGLE
31 ADVANCE, SINGLE PAYMENT TRANSACTION";

1 **(5) A DESCRIPTION OF ANY OTHER POTENTIAL FEES AND CHARGES**
2 **THAT CAN BE AVOIDED BY THE RECIPIENT; AND**

3 **(6) A DESCRIPTION OF THE RECEIVABLES PURCHASED AND, IF**
4 **APPLICABLE, ANY ADDITIONAL COLLATERAL REQUIREMENTS OR SECURITY**
5 **INTERESTS.**

6 **(C) (1) FOR PURPOSES OF THIS SUBSECTION, THE ANNUAL PERCENTAGE**
7 **RATE SHALL BE CALCULATED ACCORDING TO THE FEDERAL TRUTH IN LENDING**
8 **ACT AND REGULATION Z, 12 C.F.R. § 1026, APPENDIX J, AS A “SINGLE ADVANCE,**
9 **SINGLE PAYMENT TRANSACTION”, REGARDLESS OF WHETHER FEDERAL LAW OR**
10 **REGULATION WOULD REQUIRE AN ANNUAL PERCENTAGE RATE TO BE CALCULATED**
11 **FOR A CERTAIN TRANSACTION.**

12 **(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A**
13 **PROVIDER SHALL USE THE FOLLOWING INFORMATION TO CALCULATE THE**
14 **ESTIMATED ANNUAL PERCENTAGE RATE IN ACCORDANCE WITH THIS SECTION:**

15 **1. THE PURCHASE AMOUNT IS THE FINANCING AMOUNT;**

16 **2. THE PAYMENT AMOUNT IS THE PURCHASE AMOUNT**
17 **MINUS THE FINANCE CHARGE; AND**

18 **3. THE TERM OF THE FACTORING TRANSACTION IS**
19 **DETERMINED BY THE PAYMENT DUE DATE OF THE RECEIVABLES.**

20 **(II) A PROVIDER MAY ESTIMATE THE TERM FOR A FACTORING**
21 **TRANSACTION AS THE AVERAGE PAYMENT PERIOD, USING HISTORICAL DATA OVER**
22 **A PERIOD NOT TO EXCEED THE PREVIOUS 12 MONTHS, CONCERNING PAYMENT**
23 **INVOICES PAID BY THE PARTY OWING THE ACCOUNTS RECEIVABLE IN QUESTION.**

24 ~~12-1309.~~ 12-1609.

25 **(A) IN THIS SECTION, “TOTAL REPAYMENT AMOUNT” MEANS THE**
26 **DISBURSEMENT AMOUNT OF A COMMERCIAL FINANCING TRANSACTION PLUS THE**
27 **FINANCE CHARGE.**

28 **(B) A PROVIDER MAY EXTEND A SPECIFIC OFFER OF COMMERCIAL**
29 **FINANCING THAT IS NOT AN OPEN-END FINANCING, A CLOSED-END FINANCING, A**
30 **SALES-BASED FINANCING, OR A FACTORING TRANSACTION BUT OTHERWISE MEETS**
31 **THE DEFINITION OF COMMERCIAL FINANCING UNDER THIS SUBTITLE.**

32 **(C) (1) IF A PROVIDER EXTENDS A SPECIFIC OFFER THAT IS NOT AN**
33 **OPEN-END FINANCING, A CLOSED-END FINANCING, A SALES-BASED FINANCING, OR**

1 A FACTORING TRANSACTION BUT OTHERWISE MEETS THE DEFINITION OF
2 COMMERCIAL FINANCING UNDER THIS SUBTITLE, THE PROVIDER SHALL DISCLOSE:

3 (I) THE TOTAL AMOUNT OF THE COMMERCIAL FINANCING
4 INCLUDING THE DISBURSEMENT AMOUNT, IF DIFFERENT FROM THE FINANCING
5 AMOUNT, MINUS ANY FEES DEDUCTED OR WITHHELD AT DISBURSEMENT;

6 (II) THE TOTAL REPAYMENT AMOUNT;

7 (III) THE FINANCE CHARGE;

8 (IV) THE ANNUAL PERCENTAGE RATE OF THE COMMERCIAL
9 FINANCING, USING THE WORDS "ANNUAL PERCENTAGE RATE" OR THE
10 ABBREVIATION "APR", EXPRESSED AS A YEARLY RATE, INCLUSIVE OF ANY FEES
11 AND FINANCE CHARGES, AND CALCULATED IN ACCORDANCE WITH THE RELEVANT
12 SECTIONS OF THE FEDERAL TRUTH IN LENDING ACT, REGULATION Z, 12 C.F.R. §
13 1026.22, OR THIS ARTICLE, REGARDLESS OF WHETHER FEDERAL LAW, THE
14 REGULATION, OR THIS ARTICLE WOULD REQUIRE THE CALCULATION;

15 (V) THE TERM OF THE COMMERCIAL FINANCING;

16 (VI) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE
17 PAYMENT FREQUENCY AND AMOUNTS;

18 (VII) A DESCRIPTION OF ANY OTHER POTENTIAL FEES AND
19 CHARGES NOT INCLUDED IN THE FINANCE CHARGE, INCLUDING LATE PAYMENT
20 FEES AND RETURNED PAYMENT FEES; AND

21 (VIII) IF APPLICABLE, A DESCRIPTION OF COLLATERAL
22 REQUIREMENTS OR SECURITY INTERESTS.

23 (2) (I) FOR PAYMENT AMOUNTS THAT ARE FIXED, A PROVIDER
24 SHALL DISCLOSE:

25 1. THE PAYMENT AMOUNTS AND FREQUENCY; AND

26 2. IF THE PAYMENT FREQUENCY IS OTHER THAN
27 MONTHLY, THE AMOUNT OF THE AVERAGE PROJECTED PAYMENTS PER MONTH.

28 (II) FOR PAYMENT AMOUNTS THAT ARE VARIABLE, A PROVIDER
29 SHALL DISCLOSE:

30 1. THE PAYMENT SCHEDULE OR A DESCRIPTION OF THE
31 METHOD USED TO CALCULATE THE AMOUNTS AND FREQUENCY OF PAYMENTS; AND

1 **2. THE AMOUNT OF THE AVERAGE PROJECTED**
2 **PAYMENTS PER MONTH.**

3 **(D) (1) IF A RECIPIENT PAYS OFF OR REFINANCES THE COMMERCIAL**
4 **FINANCING BEFORE THE END OF THE SCHEDULED REPAYMENT PERIOD, A**
5 **PROVIDER SHALL DISCLOSE WHETHER THE RECIPIENT WOULD BE REQUIRED TO**
6 **PAY:**

7 **(I) ANY FINANCE CHARGES OTHER THAN THE INTEREST**
8 **ACCRUED SINCE THE RECIPIENT'S LAST PAYMENT; AND**

9 **(II) ANY ADDITIONAL FEES NOT INCLUDED IN THE FINANCE**
10 **CHARGE.**

11 **(2) IF A RECIPIENT WOULD BE REQUIRED TO PAY ADDITIONAL**
12 **FINANCE CHARGES OTHER THAN THE INTEREST ACCRUED SINCE THE RECIPIENT'S**
13 **LAST PAYMENT, A PROVIDER SHALL DISCLOSE THE PERCENTAGE OF ANY UNPAID**
14 **PORTION OF THE FINANCE CHARGE AND MAXIMUM DOLLAR AMOUNT THE**
15 **RECIPIENT COULD BE REQUIRED TO PAY.**

16 ~~**12-1310. 12-1610.**~~

17 **(A) A PROVIDER MAY REQUIRE A RECIPIENT TO PAY OFF THE BALANCE OF**
18 **AN EXISTING COMMERCIAL FINANCING TRANSACTION FROM THE SAME PROVIDER**
19 **AS A CONDITION OF OBTAINING A NEW OR RENEWAL COMMERCIAL FINANCING**
20 **TRANSACTION.**

21 **(B) IF A PROVIDER REQUIRES A RECIPIENT TO PAY OFF A COMMERCIAL**
22 **FINANCING TRANSACTION BEFORE OBTAINING A NEW OR RENEWAL COMMERCIAL**
23 **FINANCING TRANSACTION, THE PROVIDER SHALL DISCLOSE:**

24 **(1) THE AMOUNT OF THE NEW OR RENEWAL COMMERCIAL FINANCING**
25 **THAT WILL BE USED TO PAY OFF THE PORTION OF THE EXISTING COMMERCIAL**
26 **FINANCING THAT CONSISTS OF ANY REQUIRED PREPAYMENT CHARGES; AND**

27 **(2) ANY UNPAID INTEREST THAT WAS NOT FORGIVEN AT THE TIME**
28 **THE RECIPIENT ENTERED INTO THE NEW OR RENEWAL COMMERCIAL FINANCING.**

29 **(C) (1) FOR FINANCING FOR WHICH THE TOTAL REPAYMENT AMOUNT IS**
30 **CALCULATED AS A FIXED AMOUNT, THE PREPAYMENT CHARGE IS EQUAL TO THE**
31 **ORIGINAL FINANCE CHARGE MULTIPLIED BY THE AMOUNT OF THE NEW OR**
32 **RENEWAL COMMERCIAL FINANCING USED TO PAY OFF THE EXISTING COMMERCIAL**
33 **FINANCING TRANSACTION AS A PERCENTAGE OF THE TOTAL REPAYMENT AMOUNT,**

1 MINUS ANY PORTION OF THE TOTAL REPAYMENT AMOUNT FORGIVEN BY THE
2 PROVIDER AT THE TIME OF PREPAYMENT.

3 (2) IF THE PREPAYMENT CHARGE IS MORE THAN ZERO, THE
4 PROVIDER SHALL RECORD THE AMOUNT AS THE ANSWER TO THE FOLLOWING
5 QUESTION:

6 “DOES THE NEW OR RENEWAL COMMERCIAL FINANCING TRANSACTION INCLUDE
7 ANY AMOUNT THAT IS USED TO PAY UNPAID FINANCE CHARGES OR FEES, ALSO
8 KNOWN AS DOUBLE DIPPING? YES, (ENTER AMOUNT)”.

9 (D) IF THE DISBURSEMENT AMOUNT OF THE NEW OR RENEWAL
10 COMMERCIAL FINANCING TRANSACTION WILL BE REDUCED TO PAY DOWN ANY
11 UNPAID PORTION OF THE OUTSTANDING BALANCE OF THE EXISTING COMMERCIAL
12 FINANCING, THE PROVIDER SHALL DISCLOSE THE ACTUAL DOLLAR AMOUNT BY
13 WHICH THE DISBURSEMENT AMOUNT WILL BE REDUCED.

14 ~~12-1311.~~ 12-1611.

15 A RECIPIENT SHALL SIGN, MANUALLY OR ELECTRONICALLY, EACH
16 APPLICABLE DISCLOSURE REQUIRED UNDER THIS SUBTITLE BEFORE A PROVIDER
17 MAY ALLOW THE RECIPIENT TO PROCEED WITH THE COMMERCIAL FINANCING
18 APPLICATION.

19 ~~12-1312.~~ 12-1612.

20 (A) (1) NOTHING IN THIS SUBTITLE MAY BE CONSTRUED TO PREVENT A
21 PROVIDER FROM DISCLOSING ADDITIONAL INFORMATION TO A RECIPIENT
22 REGARDING A COMMERCIAL FINANCING TRANSACTION.

23 (2) IF A PROVIDER PROVIDES AN ADDITIONAL DISCLOSURE TO A
24 RECIPIENT OTHER THAN WHAT IS REQUIRED BY THIS SUBTITLE, THE ADDITIONAL
25 DISCLOSURE IS NOT CONSIDERED A REQUIRED DISCLOSURE UNDER THIS SUBTITLE.

26 (B) (1) IF ADDITIONAL METRICS OF FINANCING COSTS ARE DISCLOSED
27 OR USED IN THE APPLICATION PROCESS FOR COMMERCIAL FINANCING, THE
28 ADDITIONAL METRICS MAY NOT BE PRESENTED AS A RATE IF THEY ARE NOT THE
29 ANNUAL INTEREST RATE OR THE ANNUAL PERCENTAGE RATE.

30 (2) THE TERM “INTEREST”, WHEN USED TO DESCRIBE A PERCENTAGE
31 RATE, MAY BE USED ONLY TO DESCRIBE ANNUAL PERCENTAGE RATES, INCLUDING
32 THE ANNUAL INTEREST RATE.

1 (C) IF A PROVIDER STATES A RATE OF FINANCE CHARGE OR A FINANCING
2 AMOUNT TO A RECIPIENT DURING THE APPLICATION PROCESS FOR COMMERCIAL
3 FINANCING, THE PROVIDER SHALL ALSO STATE THE RATE AS AN “ANNUAL
4 PERCENTAGE RATE”, USING THAT TERM OR THE ABBREVIATION “APR”.

5 ~~12-1313.~~ 12-1613.

6 (A) TO CARRY OUT THIS SUBTITLE, THE COMMISSIONER ~~SHALL~~ MAY ADOPT
7 REGULATIONS SUBSTANTIALLY THE SAME AS REGULATIONS ADOPTED BY THE NEW
8 YORK STATE DEPARTMENT OF FINANCIAL SERVICES REGARDING COMMERCIAL
9 FINANCING.

10 (B) THE COMMISSIONER ~~SHALL~~ MAY APPROVE THE USE OF COMMERCIAL
11 FINANCING DISCLOSURE FORMS APPROVED FOR USE IN OTHER STATES WITH
12 COMMERCIAL FINANCING DISCLOSURE REQUIREMENTS THAT ARE SUBSTANTIALLY
13 SIMILAR TO OR EXCEED THE REQUIREMENTS OF THIS SUBTITLE.

14 ~~12-1314.~~ 12-1614.

15 (A) (1) ~~THE COMMISSIONER SHALL IMPOSE A CIVIL PENALTY NOT~~
16 ~~EXCEEDING:~~

17 (i) ~~\$2,000 FOR EACH VIOLATION OF THIS SUBTITLE; AND~~

18 (ii) ~~\$10,000 FOR EACH WILLFUL VIOLATION OF THIS SUBTITLE.~~

19 (2) ~~THE COMMISSIONER MAY ORDER ADDITIONAL RELIEF,~~
20 ~~INCLUDING RESTITUTION OR A PERMANENT OR PRELIMINARY INJUNCTION ON~~
21 ~~BEHALF OF A RECIPIENT AFFECTED BY A VIOLATION OF THIS SUBTITLE.~~

22 (B) ~~IF A COMPLAINT ABOUT A VIOLATION OF THIS SUBTITLE IS FILED WITH~~
23 ~~THE COMMISSIONER, THE~~ THE COMMISSIONER MAY INVESTIGATE THE COMPLAINT
24 ~~AND USE ANY OF THE INVESTIGATIVE AND ENFORCEMENT POWERS PROVIDED~~
25 ~~UNDER TITLE 2, SUBTITLE 1 OF THIS ARTICLE §§ 2-113 THROUGH 2-116 OF THE~~
26 FINANCIAL INSTITUTIONS ARTICLE TO ENFORCE THIS SUBTITLE.

27 12-1615.

28 THE STATE’S ATTORNEY FOR THE COUNTY IN WHICH THE VIOLATION OCCURS
29 OR THE ATTORNEY GENERAL MAY PROSECUTE ANY VIOLATION OF THIS SUBTITLE.

30 12-1616.

1 ANY LICENSEE, AS DEFINED IN § 14-101 OF THE FINANCIAL INSTITUTIONS
 2 ARTICLE, THAT KNOWINGLY VIOLATES ANY PROVISION OF THIS SUBTITLE IS GUILTY
 3 OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING
 4 \$500 OR IMPRISONMENT NOT EXCEEDING 6 MONTHS OR BOTH.

5 Article – Financial Institutions

6 2-120.

7 (a) (1) In this section the following words have the meanings indicated.

8 (2) “Board” means the State Collection Agency Licensing Board established
 9 under Title 7 of the Business Regulation Article.

10 (3) “Fund” means the Non-Depository Special Fund established under this
 11 section.

12 (4) “License” means any license issued by the Commissioner or the Board
 13 under applicable law.

14 (5) “License category” refers to all licenses issued by either the
 15 Commissioner or the Board under any of the following provisions:

16 (i) Title 11, Subtitle 2 of this article;

17 (ii) Title 11, Subtitle 3 of this article;

18 (iii) Title 11, Subtitle 4 of this article;

19 (iv) Title 11, Subtitle 5 of this article;

20 (v) Title 11, Subtitle 6 of this article;

21 (vi) Title 12, Subtitle 1 of this article;

22 (vii) Title 12, Subtitle 4 of this article;

23 (viii) Title 12, Subtitle 9 of this article; [or]

24 **(IX) TITLE 14, SUBTITLE 2 OF THIS ARTICLE; OR**

25 **[(ix)] (X) Title 7 of the Business Regulation Article.**

26 (6) “Licensed person” means any person required by law to be licensed by
 27 either the Commissioner or the Board, regardless of whether the person maintains the
 28 required license.

1 (7) “Registered person” means any person required by law to be registered
2 by the Commissioner or the Board, regardless of whether the person maintains the required
3 registration.

4 (8) “Regulated person” means:

5 (i) A licensed person or registered person; or

6 (ii) Any person otherwise engaging in activity subject to a provision
7 of law, regulation, rule, or order over which the Commissioner has jurisdiction, other than
8 activity subject to any of Titles 3 through 9 of this article.

9 (b) There is a Non-Depository Special Fund that consists of:

10 (1) All revenues received from licensing fees from each licensed person;

11 (2) All revenues received from registration fees from each registered
12 person;

13 (3) All revenues received from annual assessments under subsection (h) of
14 this section;

15 (4) Income from the investments that the State Treasurer makes for the
16 Fund; and

17 (5) Any other fee, examination or investigation fee or assessment, or
18 revenue received by the Commissioner or the Board with respect to any regulated person.

19 (c) Notwithstanding subsection (b) of this section:

20 (1) The Commissioner and the Board shall pay all fines and penalties
21 collected from any regulated person into the General Fund of the State; and

22 (2) Revenue received by the Commissioner for use of the Foreclosed
23 Property Registry established under Title 7 of the Real Property Article shall be paid by
24 the Commissioner to the Foreclosed Property Registry Fund established under § 7-105.14
25 of the Real Property Article.

26 (d) The purpose of the Fund is to cover the direct and indirect costs of fulfilling
27 the statutory and regulatory duties of the Commissioner and the Board related to regulated
28 persons.

29 (e) (1) The annual State budget shall include the costs and expenses of the
30 Commissioner and the Board relating to subsection (d) of this section.

1 (2) Any expenditures from the Fund to cover costs and expenses of the
2 Commissioner and the Board relating to subsection (d) of this section may be made only:

3 (i) With an appropriation from the Fund approved by the General
4 Assembly in the annual State budget; or

5 (ii) By the budget amendment procedure under § 7-209 of the State
6 Finance and Procurement Article.

7 (3) If, in any fiscal year, the amount of the revenue collected by the
8 Commissioner and the Board and deposited into the Fund exceeds the actual appropriation
9 for the Commissioner and the Board under paragraph (2)(i) of this subsection, the excess
10 amount shall be carried forward within the Fund.

11 (f) (1) The State Treasurer is the custodian of the Fund.

12 (2) The State Treasurer shall deposit payments received from the
13 Commissioner and the Board into the Fund.

14 (g) (1) (i) The Fund is a special, nonlapsing fund that is not subject to §
15 7-302 of the State Finance and Procurement Article.

16 (ii) The Fund may not be deemed a part of the General Fund of the
17 State.

18 (2) Unless otherwise provided by law, no part of the Fund may revert or be
19 credited to:

20 (i) The General Fund of the State; or

21 (ii) Any other special fund of the State.

22 (h) (1) In order to ensure the Fund contains sufficient amounts to achieve its
23 purpose under subsection (d) of this section, the Commissioner may impose an annual
24 assessment on any licensed person not more than once each year.

25 (2) In calculating an assessment with respect to any licensed person, the
26 Commissioner may consider:

27 (i) The costs incurred by the Commissioner or the Board in
28 supervising licensed persons of that license category;

29 (ii) The type of business conducted in the State by that licensed
30 person;

31 (iii) The volume of business that licensed person conducts in the
32 State;

1 (iv) Assets of the licensed person; and

2 (v) Any other factor the Commissioner considers appropriate.

3 (3) A licensed person shall pay any assessment imposed under this section
4 to the Commissioner within 30 calendar days after the assessment is imposed.

5 (4) **THE REVOCATION, SUSPENSION, SURRENDER, OR OTHER**
6 **TERMINATION OF A LICENSE DOES NOT RELIEVE A PERSON OF THE OBLIGATION TO**
7 **PAY ANY ASSESSMENT IMPOSED UNDER THIS SECTION WHEN THE LICENSE WAS**
8 **VALID.**

9 [(4)] (5) (i) Failure by a licensed person to timely pay an annual
10 assessment under this section is a violation of this section.

11 (ii) The Commissioner may take action for the violation against the
12 licensed person and the license under applicable law.

13 **TITLE 14. COMMERCIAL FINANCING.**

14 **SUBTITLE 1. GENERAL PROVISIONS.**

15 **14-101.**

16 (A) **IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
17 **INDICATED.**

18 (B) **“COMMERCIAL FINANCING” HAS THE MEANING STATED IN § 12-1601 OF**
19 **THE COMMERCIAL LAW ARTICLE.**

20 (C) **“COMMERCIAL FINANCING TRANSACTION” HAS THE MEANING STATED**
21 **IN § 12-1601 OF THE COMMERCIAL LAW ARTICLE.**

22 (D) **“CONTROL” MEANS:**

23 (1) **IF THE LICENSEE IS A CORPORATION:**

24 (I) **THE DIRECT OR INDIRECT OWNERSHIP OF AT LEAST 25% OF**
25 **THE VOTING SHARES OF THE LICENSEE; OR**

26 (II) **THE ABILITY TO ELECT A MAJORITY OF THE DIRECTORS OF**
27 **THE LICENSEE OR OTHERWISE EFFECT A CHANGE IN POLICY OF THE LICENSEE; OR**

1 **(2) IF THE LICENSEE IS NOT A CORPORATION, THE POSSESSION,**
2 **DIRECTLY OR INDIRECTLY, OF THE POWER TO DIRECT OR CAUSE THE DIRECTION OF**
3 **THE MANAGEMENT AND POLICIES OF THE LICENSEE WHETHER THROUGH**
4 **OWNERSHIP, BY CONTRACT, OR OTHERWISE.**

5 **(E) (1) “CONTROL PERSON” MEANS A PERSON THAT HAS THE POWER,**
6 **DIRECTLY OR INDIRECTLY, TO CONTROL A LICENSEE OR AN APPLICANT FOR A**
7 **LICENSE.**

8 **(2) “CONTROL PERSON” INCLUDES:**

9 **(I) A GENERAL PARTNER, AN OFFICER, A DIRECTOR, OR A**
10 **MEMBER OF A LICENSEE OR AN APPLICANT FOR A LICENSE OR AN INDIVIDUAL WHO**
11 **OCCUPIES A SIMILAR POSITION OR PERFORMS A SIMILAR FUNCTION;**

12 **(II) A PERSON THAT, DIRECTLY OR INDIRECTLY, HAS:**

13 **1. THE RIGHT TO VOTE AT LEAST 20% OF A CLASS OF**
14 **VOTING SECURITIES OF A LICENSEE OR AN APPLICANT FOR A LICENSE; OR**

15 **2. THE POWER TO SELL OR DIRECT THE SALE OF AT**
16 **LEAST 20% OF A CLASS OF VOTING SECURITIES OF A LICENSEE OR AN APPLICANT**
17 **FOR A LICENSE; AND**

18 **(III) IN THE CASE OF A PARTNERSHIP, A LIMITED PARTNERSHIP,**
19 **A LIMITED LIABILITY PARTNERSHIP, A LIMITED LIABILITY COMPANY, OR ANY OTHER**
20 **BUSINESS ENTITY, A PERSON THAT:**

21 **1. ON LIQUIDATION OR DISSOLUTION OF A LICENSEE OR**
22 **AN APPLICANT FOR A LICENSE, HAS THE RIGHT TO RECEIVE AT LEAST 20% OF THE**
23 **CAPITAL OF THE LICENSEE OR APPLICANT FOR A LICENSE; OR**

24 **2. HAS CONTRIBUTED AT LEAST 20% OF THE CAPITAL**
25 **OF A LICENSEE OR AN APPLICANT FOR A LICENSE.**

26 **(F) “LICENSE” MEANS A LICENSE ISSUED IN ANY FORM BY THE**
27 **COMMISSIONER UNDER THIS TITLE TO DO BUSINESS AS A PROVIDER, INCLUDING AS**
28 **PROVIDED THROUGH NMLS.**

29 **(G) “LICENSED LOCATION” MEANS ANY LOCATION LISTED BY THE LICENSEE**
30 **IN NMLS IN ACCORDANCE WITH THIS TITLE.**

31 **(H) “LICENSED NAME” MEANS:**

1 **(1) THE LICENSEE’S LEGAL NAME; AND**

2 **(2) ANY TRADE NAME USED BY THE LICENSEE IN ACCORDANCE WITH**
3 **§ 2-121 OF THIS ARTICLE.**

4 **(I) “LICENSEE” MEANS A PERSON LICENSED BY THE COMMISSIONER**
5 **UNDER THIS TITLE TO DO BUSINESS AS A PROVIDER.**

6 **(J) “PROVIDER” HAS THE MEANING STATED IN § 12-1601 OF THE**
7 **COMMERCIAL LAW ARTICLE.**

8 **(K) “RECIPIENT” HAS THE MEANING STATED IN § 12-1601 OF THE**
9 **COMMERCIAL LAW ARTICLE.**

10 **(L) “UNIQUE IDENTIFIER” MEANS A NUMBER OR ANOTHER IDENTIFIER**
11 **ASSIGNED BY NMLS.**

12 **14-102.**

13 **THE COMMISSIONER MAY USE THE INVESTIGATIVE AND ENFORCEMENT**
14 **POWERS PROVIDED UNDER §§ 2-113 THROUGH 2-116 OF THIS ARTICLE TO ENFORCE**
15 **THIS TITLE.**

16 **SUBTITLE 2. LICENSING PROVISIONS.**

17 **14-201.**

18 **(A) ON OR AFTER JANUARY 1, 2027, A PERSON MAY NOT ENGAGE IN THE**
19 **BUSINESS OF COMMERCIAL FINANCING IF THE PERSON IS LOCATED IN THE STATE**
20 **UNLESS THE PERSON:**

21 **(1) IS LICENSED BY THE COMMISSIONER; OR**

22 **(2) IS EXEMPT FROM THE PROVISIONS OF TITLE 12, SUBTITLE 16 OF**
23 **THE COMMERCIAL LAW ARTICLE.**

24 **(B) EACH LICENSEE OR APPLICANT FOR A LICENSE SHALL OBTAIN AND**
25 **MAINTAIN A VALID UNIQUE IDENTIFIER ISSUED BY NMLS ON FORMING AN ACCOUNT**
26 **WITH NMLS.**

27 **(C) AN APPLICANT FOR AN INITIAL LICENSE OR A LICENSE RENEWAL SHALL**
28 **APPLY FOR THE LICENSE OR RENEWAL THROUGH NMLS.**

29 **14-202.**

1 TO QUALIFY FOR A LICENSE, AN APPLICANT SHALL SATISFY THE
2 COMMISSIONER THAT THE APPLICANT IS OF GOOD MORAL CHARACTER AND HAS
3 SUFFICIENT FINANCIAL RESPONSIBILITY, BUSINESS EXPERIENCE, AND GENERAL
4 FITNESS TO:

5 (1) ENGAGE IN THE BUSINESS OF COMMERCIAL FINANCING;

6 (2) WARRANT THE BELIEF THAT THE BUSINESS WILL BE CONDUCTED
7 LAWFULLY, HONESTLY, FAIRLY, AND EFFICIENTLY; AND

8 (3) COMMAND THE CONFIDENCE OF THE PUBLIC.

9 14-203.

10 (A) TO APPLY FOR A LICENSE UNDER THIS SUBTITLE, AN APPLICANT SHALL:

11 (1) COMPLETE, SIGN, AND SUBMIT TO THE COMMISSIONER AN
12 APPLICATION MADE UNDER OATH IN THE FORM AND IN ACCORDANCE WITH THE
13 PROCESS THAT THE COMMISSIONER REQUIRES; AND

14 (2) PROVIDE ALL INFORMATION THAT THE COMMISSIONER
15 REQUESTS.

16 (B) AN APPLICANT FOR A LICENSE UNDER THIS SUBTITLE SHALL PROVIDE:

17 (1) (i) THE APPLICANT'S LEGAL NAME AND ANY TRADE NAME USED
18 BY THE APPLICANT IN ACCORDANCE WITH § 2-121 OF THIS ARTICLE; AND

19 (ii) UNLESS THE APPLICANT IS AN INDIVIDUAL, THE NAME OF
20 EACH CONTROL PERSON; AND

21 (2) (i) THE ADDRESS OF THE PRINCIPAL EXECUTIVE OFFICE OF
22 THE APPLICANT;

23 (ii) THE ADDRESS OF EACH ADDITIONAL LOCATION, IF ANY,
24 THAT:

25 1. THE GENERAL PUBLIC MAY REASONABLY VIEW AS A
26 LOCATION THAT ENGAGES IN THE BUSINESS OF COMMERCIAL FINANCING,
27 INCLUDING ANY LOCATION THAT INVESTIGATES RECIPIENT COMPLAINTS OR
28 DIRECTLY COMMUNICATES WITH RECIPIENTS ORALLY, ELECTRONICALLY, OR IN
29 WRITING;

1 **2. HOUSES ANY CORE OPERATIONAL INFRASTRUCTURE**
2 **OF TECHNOLOGY SYSTEMS;**

3 **3. CONDUCTS ANY CORE MANAGEMENT, INFORMATION**
4 **SECURITY AND TECHNOLOGY, RISK AND COMPLIANCE, OR FINANCE FUNCTIONS; OR**

5 **4. IS OTHERWISE REQUIRED TO BE LISTED IN NMLS BY**
6 **REGULATION ADOPTED BY THE COMMISSIONER;**

7 **(III) UNLESS THE APPLICANT IS AN INDIVIDUAL, THE ADDRESS**
8 **OF EACH CONTROL PERSON; AND**

9 **(IV) ANY OTHER INFORMATION THAT THE COMMISSIONER**
10 **REASONABLY REQUIRES.**

11 **(C) WITH THE APPLICATION, THE APPLICANT SHALL PAY TO THE**
12 **COMMISSIONER A NONREFUNDABLE LICENSE FEE OF \$850.**

13 **(D) IN ADDITION TO THE LICENSE FEE REQUIRED UNDER SUBSECTION (C)**
14 **OF THIS SECTION, AN APPLICANT FOR AN INITIAL LICENSE SHALL PAY TO NMLS**
15 **THE FEE THAT NMLS IMPOSES TO PROCESS THE APPLICATION.**

16 **14-204.**

17 **(A) (1) THE REQUIREMENTS UNDER ANY FEDERAL LAW AND TITLE 4,**
18 **SUBTITLES 1 THROUGH 5 OF THE GENERAL PROVISIONS ARTICLE REGARDING THE**
19 **PRIVACY OR CONFIDENTIALITY OF INFORMATION OR MATERIAL PROVIDED TO**
20 **NMLS AND ANY PRIVILEGE ARISING UNDER FEDERAL OR STATE LAW, INCLUDING**
21 **THE RULES OF ANY FEDERAL OR STATE COURT WITH RESPECT TO THE INFORMATION**
22 **OR MATERIAL, SHALL CONTINUE TO APPLY TO THE INFORMATION OR MATERIAL**
23 **AFTER THE INFORMATION OR MATERIAL HAS BEEN DISCLOSED TO NMLS.**

24 **(2) THE INFORMATION AND MATERIAL MAY BE SHARED WITH ALL**
25 **STATE AND FEDERAL REGULATORY OFFICIALS HAVING OVERSIGHT AUTHORITY**
26 **OVER THE COMMERCIAL FINANCING INDUSTRY, INCLUDING THE FINANCIAL**
27 **CRIMES ENFORCEMENT NETWORK, WITHOUT THE LOSS OF PRIVILEGE OR THE LOSS**
28 **OF CONFIDENTIALITY PROTECTIONS PROVIDED BY FEDERAL LAW OR TITLE 4,**
29 **SUBTITLES 1 THROUGH 5 OF THE GENERAL PROVISIONS ARTICLE.**

30 **(B) THE COMMISSIONER MAY ENTER INTO INFORMATION-SHARING**
31 **AGREEMENTS WITH OTHER GOVERNMENT AGENCIES, THE CONFERENCE OF STATE**
32 **BANK SUPERVISORS, AND OTHER ASSOCIATIONS REPRESENTING GOVERNMENT**
33 **AGENCIES, INCLUDING THE FINANCIAL CRIMES ENFORCEMENT NETWORK.**

1 (C) INFORMATION OR MATERIAL THAT IS SUBJECT TO A PRIVILEGE OR
2 CONFIDENTIALITY UNDER SUBSECTION (A) OF THIS SECTION MAY NOT BE SUBJECT
3 TO:

4 (1) DISCLOSURE UNDER ANY FEDERAL OR STATE LAW GOVERNING
5 THE DISCLOSURE TO THE PUBLIC OF INFORMATION HELD BY AN OFFICER OR
6 AGENCY OF THE FEDERAL GOVERNMENT OR A STATE THAT HAS RECEIVED THE
7 INFORMATION OR MATERIAL; OR

8 (2) SUBPOENA, DISCOVERY, OR ADMISSION INTO EVIDENCE IN ANY
9 PRIVATE CIVIL ACTION OR ADMINISTRATIVE PROCESS, UNLESS WITH RESPECT TO
10 ANY PRIVILEGE HELD BY NMLS THE PERSON TO WHOM THE INFORMATION OR
11 MATERIAL PERTAINS WAIVES, IN WHOLE OR IN PART, THE PRIVILEGE.

12 (D) ANY PROVISIONS OF TITLE 4, SUBTITLES 1 THROUGH 5 OF THE
13 GENERAL PROVISIONS ARTICLE RELATING TO THE DISCLOSURE OF ANY
14 INFORMATION OR MATERIAL DESCRIBED IN SUBSECTION (A) OF THIS SECTION THAT
15 ARE INCONSISTENT WITH SUBSECTION (A) OF THIS SECTION SHALL BE SUPERSEDED
16 BY THE REQUIREMENTS OF THIS SECTION.

17 (E) THIS SECTION DOES NOT APPLY TO INFORMATION OR MATERIAL
18 RELATING TO PUBLICLY ADJUDICATED DISCIPLINARY AND ENFORCEMENT ACTIONS
19 AGAINST A PROVIDER THAT IS INCLUDED IN NMLS AND DESIGNATED FOR ACCESS
20 BY THE PUBLIC.

21 14-205.

22 (A) AFTER THE FILING OF A COMPLETE APPLICATION, THE COMMISSIONER
23 SHALL INVESTIGATE THE FINANCIAL RESPONSIBILITY, BUSINESS EXPERIENCE,
24 CHARACTER, AND GENERAL FITNESS OF THE APPLICANT.

25 (B) (1) UNLESS THE COMMISSIONER NOTIFIES THE APPLICANT THAT A
26 DIFFERENT TIME PERIOD IS NECESSARY, THE COMMISSIONER SHALL APPROVE OR
27 DENY EACH APPLICATION FOR A LICENSE WITHIN 60 DAYS AFTER THE DATE A
28 COMPLETE APPLICATION IS FILED.

29 (2) THE APPLICANT MAY BY WRITTEN REQUEST TO THE
30 COMMISSIONER WITHDRAW THE APPLICATION AT ANY TIME BEFORE THE ISSUANCE
31 OF THE LICENSE.

32 (C) THE COMMISSIONER SHALL ISSUE A LICENSE TO ANY APPLICANT WHO
33 MEETS THE REQUIREMENTS OF THIS SUBTITLE.

1 (D) (1) IF AN APPLICANT DOES NOT MEET THE REQUIREMENTS OF THIS
2 SUBTITLE, THE COMMISSIONER SHALL:

3 (I) NOTIFY THE APPLICANT IMMEDIATELY OF THIS FACT; AND

4 (II) SUBJECT TO THE HEARING PROVISIONS OF § 14-211 OF
5 THIS SUBTITLE, DENY THE APPLICATION.

6 (2) WITHIN 30 DAYS AFTER THE COMMISSIONER DENIES AN
7 APPLICATION, THE COMMISSIONER SHALL STATE THE REASONS FOR THE DENIAL IN
8 WRITING AND MAIL THEM TO THE ADDRESS LISTED IN THE APPLICATION.

9 14-206.

10 (A) INFORMATION IN NMLS ASSOCIATED WITH A LICENSE APPROVED BY
11 THE COMMISSIONER UNDER THIS SUBTITLE SHALL INCLUDE THE FOLLOWING:

12 (1) THE LICENSEE'S LEGAL NAME AND ANY TRADE NAME USED BY
13 THE LICENSEE IN ACCORDANCE WITH § 2-121 OF THIS ARTICLE;

14 (2) THE ADDRESS OF THE LICENSEE'S PRINCIPAL EXECUTIVE
15 OFFICE; AND

16 (3) THE ADDRESS OF EACH ADDITIONAL LOCATION, IF ANY, WHERE
17 THE LICENSEE DOES BUSINESS AND THAT:

18 (I) THE GENERAL PUBLIC MAY REASONABLY VIEW AS A
19 LOCATION THAT OFFERS COMMERCIAL FINANCING, INCLUDING ANY LOCATION
20 THAT INVESTIGATES RECIPIENT COMPLAINTS OR DIRECTLY COMMUNICATES WITH
21 RECIPIENTS ORALLY, ELECTRONICALLY, OR IN WRITING;

22 (II) HOUSES ANY CORE OPERATIONAL INFRASTRUCTURE OR
23 TECHNOLOGY SYSTEMS;

24 (III) CONDUCTS ANY CORE MANAGEMENT, INFORMATION
25 SECURITY AND TECHNOLOGY, RISK AND COMPLIANCE, OR FINANCE FUNCTIONS; OR

26 (IV) IS OTHERWISE REQUIRED TO BE LISTED IN NMLS BY
27 REGULATION ADOPTED BY THE COMMISSIONER.

28 (B) A LICENSEE SHALL MAINTAIN AND UPDATE THE INFORMATION IN
29 NMLS ASSOCIATED WITH THE LICENSEE'S LICENSE TO REFLECT ACCURATELY AT
30 ALL TIMES THE INFORMATION REQUIRED BY SUBSECTION (A) OF THIS SECTION.

1 **(C) THE UNIQUE IDENTIFIER ASSIGNED BY NMLS TO A LICENSEE SHALL**
2 **CONSTITUTE THE LICENSEE'S LICENSE NUMBER.**

3 **(D) A LICENSE AUTHORIZES THE LICENSEE TO DO BUSINESS UNDER THE**
4 **LICENSE AT ANY LICENSED LOCATION AND UNDER ANY LICENSED NAME.**

5 **(E) A LICENSE MAY NOT BE TRANSFERRED OR ASSIGNED.**

6 **(F) EACH LICENSEE SHALL CONSPICUOUSLY DISPLAY THE FOLLOWING**
7 **INFORMATION ON THE LICENSEE'S WEBSITE, ANY SOFTWARE APPLICATION**
8 **ACCESSIBLE TO THE PUBLIC AND USED TO PROVIDE COMMERCIAL FINANCING, AND**
9 **THE PROFILE PAGE WITHIN EACH SOCIAL MEDIA PLATFORM THE LICENSEE USES:**

10 **(1) THE LICENSEE'S UNIQUE IDENTIFIER; AND**

11 **(2) A LINK TO THE NMLS CONSUMER ACCESS WEBSITE.**

12 **14-207.**

13 **(A) SUBJECT TO ANY REGULATION ADOPTED BY THE COMMISSIONER, AN**
14 **INITIAL LICENSE TERM SHALL:**

15 **(1) BEGIN ON THE DAY THE LICENSE IS ISSUED; AND**

16 **(2) EXPIRE AT THE END OF DECEMBER 31 OF THE YEAR:**

17 **(i) THE LICENSE IS ISSUED, IF THE LICENSE IS ISSUED BEFORE**
18 **NOVEMBER 1; OR**

19 **(ii) SUCCEEDING THE YEAR THAT THE LICENSE IS ISSUED, IF**
20 **THE LICENSE IS ISSUED ON OR AFTER NOVEMBER 1.**

21 **(B) ON OR AFTER NOVEMBER 1 EACH YEAR, A LICENSE MAY BE RENEWED**
22 **FOR A 1-YEAR TERM IF THE LICENSEE:**

23 **(1) OTHERWISE IS ENTITLED TO BE LICENSED;**

24 **(2) PAYS TO THE COMMISSIONER A NONREFUNDABLE RENEWAL FEE**
25 **OF \$850; AND**

26 **(3) SUBMITS TO THE COMMISSIONER:**

27 **(i) A RENEWAL APPLICATION IN THE FORM AND IN**
28 **ACCORDANCE WITH THE PROCESS THAT THE COMMISSIONER REQUIRES; AND**

1 (II) ANY OTHER INFORMATION THAT THE COMMISSIONER
2 REASONABLY REQUIRES TO DETERMINE THAT THE RENEWAL APPLICANT
3 CONTINUES TO BE ELIGIBLE TO BE LICENSED.

4 (C) IN ADDITION TO THE LICENSE RENEWAL FEE REQUIRED UNDER
5 SUBSECTION (B)(2) OF THIS SECTION, AN APPLICANT FOR A LICENSE RENEWAL
6 SHALL PAY TO NMLS THE FEE THAT NMLS IMPOSES TO PROCESS THE
7 APPLICATION.

8 14-208.

9 (A) (1) A LICENSEE MAY NOT ADD, DELETE, OR MODIFY A LOCATION
10 REQUIRED TO BE LISTED IN NMLS UNDER § 14-206 OF THIS SUBTITLE UNLESS:

11 (I) THE LICENSEE PROVIDES TO THE COMMISSIONER,
12 THROUGH NMLS AND IN ACCORDANCE WITH ANY REGULATIONS ADOPTED BY THE
13 COMMISSIONER, NOTICE OF THE ADDITION, DELETION, OR MODIFICATION;

14 (II) THE ADDITION, DELETION, OR MODIFICATION OF THE
15 LOCATION IS RECORDED WITH THE INFORMATION ASSOCIATED WITH THE
16 LICENSEE'S LICENSE IN NMLS; AND

17 (III) THE ADDITION, DELETION, OR MODIFICATION OF THE
18 LOCATION OTHERWISE COMPLIES WITH THIS SUBTITLE.

19 (2) THE LICENSEE MAY NOT DO BUSINESS AT A LOCATION REQUIRED
20 TO BE LISTED IN NMLS UNDER § 14-206 OF THIS SUBTITLE UNTIL THE LOCATION
21 IS RECORDED WITH THE INFORMATION ASSOCIATED WITH THE LICENSEE'S LICENSE
22 IN NMLS.

23 (B) A LICENSEE MAY NOT UNDERGO A CHANGE IN CONTROL UNLESS THE
24 LICENSEE NOTIFIES THE COMMISSIONER THROUGH NMLS OF THE PROPOSED
25 CHANGE.

26 14-209.

27 (A) (1) A LICENSEE MAY SURRENDER A LICENSE THROUGH NMLS IN
28 ACCORDANCE WITH THE PROCESS THAT THE COMMISSIONER REQUIRES.

29 (2) WITH THE SURRENDER OF A LICENSE, A LICENSEE SHALL
30 PROVIDE:

31 (I) THE REASON FOR THE LICENSE SURRENDER; AND

1 (II) A LIST OF ALL THE LICENSEE'S OUTSTANDING
2 COMMERCIAL FINANCING TRANSACTIONS.

3 (B) THE SURRENDER OF A LICENSE DOES NOT:

4 (1) AFFECT ANY CIVIL OR CRIMINAL LIABILITY OF THE LICENSEE FOR
5 ACTS COMMITTED BEFORE THE LICENSE IS SURRENDERED; OR

6 (2) ENTITLE THE LICENSEE TO THE RETURN OF ANY PART OF ANY FEE
7 PAID TO THE COMMISSIONER.

8 14-210.

9 SUBJECT TO THE HEARING PROVISIONS OF § 14-211 OF THIS SUBTITLE, THE
10 COMMISSIONER MAY SUSPEND OR REVOKE THE LICENSE OF ANY LICENSEE IF THE
11 LICENSEE OR ANY OWNER, DIRECTOR, OFFICER, MEMBER, COVENTURER, PARTNER,
12 STOCKHOLDER, EMPLOYEE, OR AGENT OF THE LICENSEE:

13 (1) MAKES ANY MATERIAL MISSTATEMENT IN AN APPLICATION FOR A
14 LICENSE;

15 (2) CONDUCTS THE BUSINESS OF COMMERCIAL FINANCING IN AN
16 UNSAFE OR UNSOUND MANNER;

17 (3) REFUSES TO ALLOW THE COMMISSIONER TO MAKE AN
18 INVESTIGATION AUTHORIZED BY ANY LAW;

19 (4) WILLFULLY FAILS TO MAKE A REPORT REQUIRED UNDER ANY
20 LAW;

21 (5) IS CONVICTED UNDER THE LAWS OF THE UNITED STATES OR OF
22 ANY STATE OF:

23 (I) A FELONY; OR

24 (II) A MISDEMEANOR THAT IS DIRECTLY RELATED TO THE
25 FITNESS AND QUALIFICATION OF THE PERSON TO ENGAGE IN THE BUSINESS OF
26 COMMERCIAL FINANCING;

27 (6) IN CONNECTION WITH ANY COMMERCIAL FINANCING
28 TRANSACTION:

29 (I) COMMITS ANY FRAUD;

1 **(II) ENGAGES IN ANY ILLEGAL OR DISHONEST ACTIVITY; OR**

2 **(III) MISREPRESENTS OR FAILS TO DISCLOSE ANY MATERIAL**
3 **FACTS TO A GOVERNMENT AGENCY OR UNIT;**

4 **(7) VIOLATES ANY PROVISION OF:**

5 **(I) THIS SUBTITLE OR ANY RULE OR REGULATION ADOPTED**
6 **UNDER THIS SUBTITLE;**

7 **(II) TITLE 12, SUBTITLE 16 OF THE COMMERCIAL LAW**
8 **ARTICLE OR ANY RULE OR REGULATION ADOPTED UNDER TITLE 12, SUBTITLE 16**
9 **OF THE COMMERCIAL LAW ARTICLE; OR**

10 **(III) ANY OTHER LAW REGULATING THE BUSINESS OF**
11 **COMMERCIAL FINANCING;**

12 **(8) BECOMES INSOLVENT;**

13 **(9) HAS SUSPENDED PAYMENT OF THE LICENSEE'S OBLIGATIONS,**
14 **MADE AN ASSIGNMENT FOR THE BENEFIT OF THE LICENSEE'S CREDITORS, OR**
15 **ADMITTED INABILITY TO PAY THE LICENSEE'S DEBTS AS THE DEBTS BECOME DUE;**
16 **OR**

17 **(10) HAS APPLIED FOR AN ADJUDICATION OF BANKRUPTCY,**
18 **REORGANIZATION, ARRANGEMENT, OR OTHER RELIEF UNDER ANY BANKRUPTCY**
19 **PROCEEDING.**

20 **14-211.**

21 **(A) BEFORE THE COMMISSIONER DENIES AN APPLICATION FOR A LICENSE**
22 **UNDER § 14-205 OF THIS SUBTITLE OR TAKES ANY ACTION UNDER § 14-210 OF THIS**
23 **SUBTITLE, THE COMMISSIONER SHALL GIVE THE APPLICANT OR LICENSEE AN**
24 **OPPORTUNITY FOR A HEARING.**

25 **(B) NOTICE OF THE HEARING SHALL BE GIVEN AND THE HEARING SHALL BE**
26 **HELD IN ACCORDANCE WITH TITLE 10, SUBTITLE 2 OF THE STATE GOVERNMENT**
27 **ARTICLE.**

28 **(C) FOR A HEARING ON THE PROPOSED SUSPENSION OR REVOCATION OF A**
29 **LICENSE, THE HEARING NOTICE TO BE GIVEN TO THE LICENSEE SHALL BE SENT BY**
30 **REGISTERED OR CERTIFIED MAIL AT LEAST 15 DAYS BEFORE THE HEARING TO THE**
31 **PLACE OF BUSINESS STATED IN THE LICENSE.**

1 14-212.

2 THE STATE’S ATTORNEY FOR THE COUNTY IN WHICH THE VIOLATION OCCURS
3 OR THE ATTORNEY GENERAL MAY PROSECUTE ANY VIOLATION OF THIS SUBTITLE.

4 14-213.

5 A PERSON WHO VIOLATES ANY PROVISION OF THIS SUBTITLE IS GUILTY OF A
6 MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$5,000
7 OR IMPRISONMENT NOT EXCEEDING 3 YEARS OR BOTH.

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.