

# HOUSE BILL 1022

11, I3

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CF SB 741

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By: **Delegates Vaughn, Barkley, Bobo, Braveboy, Harrison, Hucker, Jameson, Kramer, Love, Minnick, Niemann, Olszewski, and Washington**

Introduced and read first time: February 11, 2011

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – Debt Settlement Services**

3 FOR the purpose of prohibiting a person from offering, providing, or attempting to  
4 provide debt settlement services unless the person is registered as a debt  
5 settlement services provider with the Commissioner of Financial Regulation or  
6 is exempt from registration; authorizing the Commissioner to adopt regulations,  
7 enter into certain cooperative and information sharing agreements, and  
8 exchange certain information with certain agencies for a certain purpose;  
9 requiring a person registering as a debt settlement services provider or  
10 renewing a registration to pay certain fees; requiring certain fees to be  
11 deposited in a certain fund and used to cover certain costs and expenses  
12 incurred by the Commissioner; requiring an applicant for registration to file a  
13 certain application; specifying the information to be included in the application;  
14 providing that a registration may be renewed under certain circumstances;  
15 prohibiting a registrant from offering, providing, or attempting to provide debt  
16 settlement services in the State except as allowed under this Act; authorizing a  
17 registrant to charge a certain debt settlement services fee; prohibiting a  
18 registrant from charging a certain fee or requiring a certain contribution;  
19 prohibiting a registrant from charging a certain debt settlement services fee  
20 until after certain actions have been taken; providing that a certain provision of  
21 this Act does not prohibit a registrant from requesting or requiring a consumer  
22 to deposit certain funds in a certain account under certain circumstances;  
23 requiring a registrant to allow a consumer to withdraw from a debt settlement  
24 services agreement at any time; prohibiting a registrant from making a certain  
25 representation; requiring a debt settlement services agreement to be signed and  
26 dated by the registrant and the consumer and to include certain information  
27 and disclosures; requiring an advertisement for debt settlement services to  
28 include a certain disclosure; requiring a registrant that establishes a certain  
29 account to file a certain surety bond with the Commissioner; requiring a  
30 registrant to report certain information to the Commissioner on or before a

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 certain date each year; providing that a violation of this Act is an unfair or  
2 deceptive trade practice within the meaning of the Maryland Consumer  
3 Protection Act and is subject to certain enforcement and penalty provisions;  
4 altering the content and purposes of a certain fund; providing for the  
5 application of this Act; providing that, under certain circumstances, certain  
6 provisions of this Act are in addition to and not in substitution for any other  
7 provision of law; establishing a certain short title; defining certain terms;  
8 making certain conforming changes; requiring the Office of the Commissioner of  
9 Financial Regulation in the Department of Labor, Licensing, and Regulation, in  
10 consultation with the Consumer Protection Division of the Office of the Attorney  
11 General, to report certain recommendations to certain committees of the  
12 General Assembly on or before a certain date; and generally relating to debt  
13 settlement services and debt settlement services providers.

14 BY repealing and reenacting, with amendments,  
15 Article – Commercial Law  
16 Section 13–301(14)(xxvi)  
17 Annotated Code of Maryland  
18 (2005 Replacement Volume and 2010 Supplement)

19 BY repealing and reenacting, without amendments,  
20 Article – Commercial Law  
21 Section 13–301(14)(xxvii)  
22 Annotated Code of Maryland  
23 (2005 Replacement Volume and 2010 Supplement)

24 BY adding to  
25 Article – Commercial Law  
26 Section 13–301(14)(xxviii)  
27 Annotated Code of Maryland  
28 (2005 Replacement Volume and 2010 Supplement)

29 BY repealing and reenacting, with amendments,  
30 Article – Financial Institutions  
31 Section 12–905  
32 Annotated Code of Maryland  
33 (2003 Replacement Volume and 2010 Supplement)

34 BY adding to  
35 Article – Financial Institutions  
36 Section 12–1001 through 12–1017 to be under the new subtitle “Subtitle 10.  
37 Maryland Debt Settlement Services Act”  
38 Annotated Code of Maryland  
39 (2003 Replacement Volume and 2010 Supplement)

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

Article – Commercial Law

13–301.

Unfair or deceptive trade practices include any:

(14) Violation of a provision of:

(xxvi) Title 6, Subtitle 13 of the Environment Article; [or]

(xxvii) Section 7–405(e)(2)(ii) of the Health Occupations Article; or

**(XXVIII) TITLE 12, SUBTITLE 10 OF THE FINANCIAL INSTITUTIONS ARTICLE; OR**

Article – Financial Institutions

12–905.

(a) There is a Debt Management Services Fund that consists of:

(1) All revenue received for the licensing of persons that provide debt management services under this subtitle;

**(2) ALL REVENUE RECEIVED FOR THE REGISTRATION OF PERSONS THAT PROVIDE DEBT SETTLEMENT SERVICES UNDER SUBTITLE 10 OF THIS TITLE;**

**(3)** Income from investments that the Treasurer makes for the Fund; and

**[(3)] (4)** Except as provided in subsection (b) of this section, any other fee or revenue received by the Commissioner under this subtitle **OR UNDER SUBTITLE 10 OF THIS TITLE.**

(b) The Commissioner shall pay all fines and penalties collected by the Commissioner under this subtitle **AND UNDER SUBTITLE 10 OF THIS TITLE** into the General Fund of the State.

(c) The purpose of the Fund is to pay all the costs and expenses incurred by the Commissioner that are related to the regulation of the debt management services business under this subtitle **AND THAT ARE RELATED TO THE REGISTRATION OF DEBT SETTLEMENT SERVICES PROVIDERS UNDER SUBTITLE 10 OF THIS TITLE,** including:

1 (1) Expenditures authorized under this subtitle **AND SUBTITLE 10**  
2 **OF THIS TITLE**; and

3 (2) Any other expense authorized in the State budget.

4 (d) (1) The Treasurer is the custodian of the Fund.

5 (2) The Treasurer shall deposit payments received from the  
6 Commissioner into the Fund.

7 (e) (1) The Fund is a continuing, nonlapsing fund that is not subject to §  
8 7–302 of the State Finance and Procurement Article, and may not be deemed a part of  
9 the General Fund of the State.

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

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

13 (ii) A special fund of the State.

14 (f) (1) All the costs and expenses of the Commissioner relating to the  
15 regulation of the debt management services business under this subtitle **AND TO THE**  
16 **REGISTRATION OF DEBT SETTLEMENT SERVICES PROVIDERS UNDER SUBTITLE**  
17 **10 OF THIS TITLE** shall be included in the State budget.

18 (2) Any expenditures from the Fund to cover costs and expenses of the  
19 Commissioner may be made only:

20 (i) By an appropriation from the Fund approved by the General  
21 Assembly in the annual State budget; or

22 (ii) By the budget amendment procedure provided for in § 7–209  
23 of the State Finance and Procurement Article.

24 (3) If, in any fiscal year, the amount of the revenue collected by the  
25 Commissioner and deposited into the Fund exceeds the actual appropriation for the  
26 Commissioner to regulate the debt management services business under this subtitle  
27 **AND TO REGISTER DEBT SETTLEMENT SERVICES PROVIDERS UNDER SUBTITLE**  
28 **10 OF THIS TITLE**, the excess amount shall be carried forward within the Fund.

29 (g) The Office of Legislative Audits shall audit the accounts and transactions  
30 of the Fund under § 2–1220 of the State Government Article.

31 **SUBTITLE 10. MARYLAND DEBT SETTLEMENT SERVICES ACT.**

32 **12–1001.**

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

3           (B) “CONSUMER” MEANS AN INDIVIDUAL WHO:

4                 (1) RESIDES IN THE STATE; AND

5                 (2) IS SEEKING DEBT SETTLEMENT SERVICES OR HAS ENTERED  
6 INTO A DEBT SETTLEMENT SERVICES AGREEMENT.

7           (C) “DEBT MANAGEMENT SERVICES” HAS THE MEANING STATED IN §  
8 12-901 OF THIS TITLE.

9           (D) (1) “DEBT SETTLEMENT SERVICES” MEANS ANY SERVICE OR  
10 PROGRAM REPRESENTED, DIRECTLY OR BY IMPLICATION, TO RENEGOTIATE,  
11 SETTLE, REDUCE, OR IN ANY WAY ALTER THE TERMS OF PAYMENT OR OTHER  
12 TERMS OF A DEBT BETWEEN A CONSUMER AND ONE OR MORE UNSECURED  
13 CREDITORS OR DEBT COLLECTORS, INCLUDING A REDUCTION IN THE BALANCE,  
14 INTEREST RATE, OR FEES OWED BY A CONSUMER TO AN UNSECURED CREDITOR  
15 OR DEBT COLLECTOR.

16                 (2) “DEBT SETTLEMENT SERVICES” DOES NOT INCLUDE DEBT  
17 MANAGEMENT SERVICES.

18           (E) “DEBT SETTLEMENT SERVICES AGREEMENT” MEANS A WRITTEN  
19 CONTRACT, PLAN, OR AGREEMENT BETWEEN A DEBT SETTLEMENT SERVICES  
20 PROVIDER AND A CONSUMER FOR THE PERFORMANCE OF DEBT SETTLEMENT  
21 SERVICES.

22           (F) “DEBT SETTLEMENT SERVICES FEE” MEANS A FEE CHARGED TO A  
23 CONSUMER BY A DEBT SETTLEMENT SERVICES PROVIDER FOR PROVIDING DEBT  
24 SETTLEMENT SERVICES FOR A CONSUMER.

25           (G) “DEBT SETTLEMENT SERVICES PROVIDER” MEANS A PERSON THAT  
26 PROVIDES OR OFFERS TO PROVIDE DEBT SETTLEMENT SERVICES FOR A  
27 CONSUMER REGARDLESS OF WHETHER THE PERSON PROVIDES THE DEBT  
28 SETTLEMENT SERVICES ON A FOR-PROFIT OR NOT-FOR-PROFIT BASIS.

29           (H) “DEDICATED ACCOUNT” MEANS AN ACCOUNT DESCRIBED IN §  
30 12-1010(D) OF THIS SUBTITLE.

31           (I) “OFFER, PROVIDE, OR ATTEMPT TO PROVIDE DEBT SETTLEMENT  
32 SERVICES” MEANS PROVIDING DEBT SETTLEMENT SERVICES:

1           **(1) TO CONSUMERS THROUGH ANY MEANS, INCLUDING**  
2 **TELEPHONE TELEMARKETING, INTERNET SOLICITATION, AND FACE-TO-FACE**  
3 **MEETINGS; AND**

4           **(2) ON AN INTRASTATE OR INTERSTATE BASIS.**

5           **(J) “PRINCIPAL AMOUNT OF THE DEBT” MEANS THE AMOUNT OF A**  
6 **DEBT AT THE TIME THE DEBT IS INCLUDED IN A DEBT SETTLEMENT SERVICES**  
7 **AGREEMENT.**

8           **(K) “REGISTRANT” MEANS A PERSON REGISTERED UNDER THIS**  
9 **SUBTITLE TO PROVIDE DEBT SETTLEMENT SERVICES.**

10 **12-1002.**

11           **(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE PROVISIONS**  
12 **OF THIS SUBTITLE ARE IN ADDITION TO AND NOT IN SUBSTITUTION FOR ANY**  
13 **OTHER PROVISION OF LAW.**

14           **(B) A PERSON WHO PERIODICALLY RECEIVES FUNDS FROM CONSUMERS**  
15 **TO BE USED IN CONNECTION WITH PROVIDING DEBT SETTLEMENT SERVICES IS**  
16 **NOT ENGAGED IN PROVIDING DEBT MANAGEMENT SERVICES, AND IS NOT**  
17 **SUBJECT TO SUBTITLE 9 OF THIS TITLE, IF THE PERSON:**

18           **(1) COMPLIES WITH THE REQUIREMENTS OF THIS SUBTITLE;**

19           **(2) (I) NEGOTIATES TO SETTLE A CONSUMER’S DEBTS BY**  
20 **REDUCING THE PRINCIPAL AMOUNT OF THE DEBTS OWED; AND**

21                   **(II) MAKES NO MORE THAN SIX SETTLEMENT PAYMENTS**  
22 **FOR EACH DEBT; AND**

23           **(3) ESTABLISHES A DEDICATED ACCOUNT THAT:**

24                   **(I) IS SEPARATE FROM ANY TRUST ACCOUNT ESTABLISHED**  
25 **BY THE PERSON UNDER § 12-917 OF THIS TITLE; AND**

26                   **(II) IS NOT ESTABLISHED SOLELY FOR THE PURPOSE OF**  
27 **HOLDING CONSUMER FUNDS TO BE DISBURSED TO THE DEBT SETTLEMENT**  
28 **SERVICES PROVIDER FOR FEES.**

29 **12-1003.**

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

2                   **(1) THE FOLLOWING PERSONS WHEN ENGAGED IN THE REGULAR**  
3 **COURSE OF THEIR RESPECTIVE BUSINESSES AND PROFESSIONS:**

4                           **(I) AN ATTORNEY AT LAW WHO IS ADMITTED TO PRACTICE**  
5 **IN THE STATE AND IS NOT PRINCIPALLY ENGAGED IN PROVIDING DEBT**  
6 **SETTLEMENT SERVICES;**

7                           **(II) AN ESCROW AGENT;**

8                           **(III) A CERTIFIED PUBLIC ACCOUNTANT;**

9                           **(IV) A BANKING INSTITUTION, OTHER-STATE BANK,**  
10 **NATIONAL BANKING ASSOCIATION, CREDIT UNION, OR SAVINGS AND LOAN**  
11 **ASSOCIATION;**

12                           **(V) A PERSON THAT:**

13                                   **1. PROVIDES A BILL PAYER SERVICE, AS DEFINED IN**  
14 **§ 12-401 OF THIS TITLE;**

15                                   **2. DOES NOT INITIATE ANY CONTRACT WITH**  
16 **INDIVIDUAL CREDITORS OF A DEBTOR TO COMPROMISE A DEBT OR ARRANGE A**  
17 **NEW PAYMENT SCHEDULE; AND**

18                                   **3. DOES NOT PROVIDE ANY DEBT COUNSELING**  
19 **SERVICES;**

20                                   **(VI) A PERSON THAT PROVIDES AN ACCELERATED**  
21 **MORTGAGE PAYMENT SERVICE, AS DEFINED IN § 12-401 OF THIS TITLE;**

22                                   **(VII) A TITLE INSURER, TITLE INSURANCE AGENCY, OR**  
23 **ABSTRACT COMPANY; OR**

24                                   **(VIII) A JUDICIAL OFFICER OR A PERSON ACTING UNDER A**  
25 **COURT ORDER;**

26                           **(2) A PERSON WHILE PERFORMING SERVICES INCIDENTAL TO**  
27 **THE DISSOLUTION, WINDING UP, OR LIQUIDATION OF A PARTNERSHIP,**  
28 **CORPORATION, OR OTHER BUSINESS ENTERPRISE;**

1           **(3) A TRADE OR MERCANTILE ASSOCIATION ACTING IN THE**  
2 **COURSE OF ARRANGING THE ADJUSTMENT OF DEBTS WITH A BUSINESS**  
3 **ESTABLISHMENT;**

4           **(4) A MORTGAGE LENDER, AS DEFINED IN § 11-501 OF THIS**  
5 **ARTICLE:**

6                   **(I) THAT IS LICENSED BY THE COMMISSIONER; AND**

7                   **(II) WHILE ENGAGED IN THE MORTGAGE LENDING**  
8 **BUSINESS, AS DEFINED IN § 11-501 OF THIS ARTICLE; OR**

9           **(5) A COLLECTION AGENCY, AS DEFINED IN § 7-101 OF THE**  
10 **BUSINESS REGULATION ARTICLE:**

11                   **(I) THAT IS LICENSED BY THE STATE COLLECTION**  
12 **AGENCY LICENSING BOARD; AND**

13                   **(II) WHILE ENGAGED IN THE COLLECTION AGENCY**  
14 **BUSINESS, AS DEFINED IN § 7-101 OF THE BUSINESS REGULATION ARTICLE.**

15 **12-1004.**

16           **A PERSON MAY NOT OFFER, PROVIDE, OR ATTEMPT TO PROVIDE DEBT**  
17 **SETTLEMENT SERVICES UNLESS THE PERSON:**

18                   **(1) IS REGISTERED WITH THE COMMISSIONER UNDER THIS**  
19 **SUBTITLE; OR**

20                   **(2) IS EXEMPT FROM REGISTRATION UNDER THIS SUBTITLE.**

21 **12-1005.**

22           **TO CARRY OUT THE PROVISIONS OF THIS SUBTITLE, THE COMMISSIONER**  
23 **MAY:**

24                   **(1) ADOPT REGULATIONS;**

25                   **(2) ENTER INTO COOPERATIVE AND INFORMATION SHARING**  
26 **AGREEMENTS WITH ANY FEDERAL OR STATE REGULATORY AGENCY HAVING**  
27 **AUTHORITY OVER DEBT SETTLEMENT SERVICES PROVIDERS; AND**

28                   **(3) EXCHANGE INFORMATION ABOUT A DEBT SETTLEMENT**  
29 **SERVICES PROVIDER, INCLUDING INFORMATION OBTAINED DURING AN**



1 EXAMINATION, WITH ANY FEDERAL OR STATE REGULATORY AGENCY HAVING  
2 AUTHORITY OVER THE DEBT SETTLEMENT SERVICES PROVIDER.

3 **12-1006.**

4 A PERSON REGISTERING AS A DEBT SETTLEMENT SERVICES PROVIDER  
5 WITH THE COMMISSIONER UNDER THIS SUBTITLE SHALL PAY TO THE  
6 COMMISSIONER A NONREFUNDABLE FEE IN THE AMOUNT OF:

7 (1) \$1,000 FOR THE ISSUANCE OF A REGISTRATION UNDER THIS  
8 SUBTITLE; AND

9 (2) \$1,000 FOR THE RENEWAL OF A REGISTRATION UNDER THIS  
10 SUBTITLE.

11 **12-1007.**

12 ALL FEES COLLECTED BY THE COMMISSIONER UNDER THIS SUBTITLE  
13 SHALL BE:

14 (1) DEPOSITED IN THE DEBT MANAGEMENT SERVICES FUND  
15 ESTABLISHED UNDER § 12-905 OF THIS TITLE; AND

16 (2) USED TO COVER THE COSTS AND EXPENSES INCURRED BY  
17 THE COMMISSIONER THAT ARE RELATED TO THE REGISTRATION OF DEBT  
18 SETTLEMENT SERVICES PROVIDERS.

19 **12-1008.**

20 (A) TO APPLY FOR A REGISTRATION, AN APPLICANT SHALL SUBMIT TO  
21 THE COMMISSIONER AN APPLICATION ON THE FORM THAT THE COMMISSIONER  
22 PROVIDES.

23 (B) THE APPLICATION SHALL INCLUDE:

24 (1) THE APPLICANT'S LEGAL NAME, TRADE NAME, IF ANY,  
25 MAIN OFFICE ADDRESS, TELEPHONE NUMBER, ELECTRONIC MAIL ADDRESS, IF  
26 ANY, AND WEB SITE ADDRESS, IF ANY;

27 (2) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF THE  
28 APPLICANT'S DESIGNATED CONTACT FOR RECEIPT OF COMPLAINTS;

29 (3) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF THE  
30 APPLICANT'S RESIDENT AGENT IN THE STATE; AND

1           **(4) ANY OTHER INFORMATION THAT THE COMMISSIONER**  
2 **REASONABLY REQUIRES.**

3 **12-1009.**

4           **(A) A REGISTRATION ISSUED UNDER THIS SUBTITLE EXPIRES ON**  
5 **DECEMBER 31 OF EACH ODD-NUMBERED YEAR UNLESS THE REGISTRATION IS**  
6 **RENEWED FOR A 2-YEAR TERM AS PROVIDED IN SUBSECTION (B) OF THIS**  
7 **SECTION.**

8           **(B) ON OR BEFORE DECEMBER 1 OF THE YEAR OF EXPIRATION, A**  
9 **REGISTRATION MAY BE RENEWED FOR A 2-YEAR TERM IF THE REGISTRANT:**

10           **(1) OTHERWISE IS ENTITLED TO BE REGISTERED;**

11           **(2) PAYS TO THE COMMISSIONER THE RENEWAL FEE**  
12 **ESTABLISHED UNDER § 12-1006 OF THIS SUBTITLE; AND**

13           **(3) SUBMITS TO THE COMMISSIONER A RENEWAL APPLICATION**  
14 **ON THE FORM THAT THE COMMISSIONER REQUIRES.**

15 **12-1010.**

16           **(A) EXCEPT AS ALLOWED UNDER THIS SUBTITLE, A REGISTRANT MAY**  
17 **NOT OFFER, PROVIDE, OR ATTEMPT TO PROVIDE DEBT SETTLEMENT SERVICES**  
18 **IN THE STATE.**

19           **(B) (1) A REGISTRANT MAY CHARGE A CONSUMER A DEBT**  
20 **SETTLEMENT SERVICES FEE AS PROVIDED UNDER THIS SECTION.**

21           **(2) A REGISTRANT MAY NOT:**

22                   **(I) CHARGE A CONSUMER A FEE FOR CONSULTATION OR**  
23 **FOR OBTAINING A CONSUMER'S CREDIT REPORT; OR**

24                   **(II) REQUIRE A VOLUNTARY CONTRIBUTION FROM A**  
25 **CONSUMER FOR ANY SERVICE PROVIDED BY THE REGISTRANT.**

26           **(C) EXCEPT AS PROVIDED UNDER SUBSECTION (D) OF THIS SECTION, A**  
27 **REGISTRANT MAY NOT CHARGE A CONSUMER A DEBT SETTLEMENT SERVICES**  
28 **FEE UNTIL AFTER:**

1           **(1) A DEBT SETTLEMENT SERVICES AGREEMENT HAS BEEN**  
2 **EXECUTED BETWEEN THE REGISTRANT AND THE CONSUMER;**

3           **(2) THE REGISTRANT HAS RENEGOTIATED, SETTLED, REDUCED,**  
4 **OR OTHERWISE ALTERED THE TERMS OF AT LEAST ONE INDIVIDUAL DEBT**  
5 **SPECIFIED IN THE DEBT SETTLEMENT SERVICES AGREEMENT; AND**

6           **(3) THE CONSUMER HAS MADE AT LEAST ONE PAYMENT IN**  
7 **ACCORDANCE WITH THE DEBT SETTLEMENT SERVICES AGREEMENT.**

8           **(D) SUBSECTION (C) OF THIS SECTION DOES NOT PROHIBIT A**  
9 **REGISTRANT FROM REQUESTING OR REQUIRING A CONSUMER TO DEPOSIT**  
10 **FUNDS IN AN ACCOUNT TO BE USED FOR DEBT SETTLEMENT SERVICES FEES**  
11 **AND FOR PAYMENTS TO CREDITORS OR DEBT COLLECTORS IN CONNECTION**  
12 **WITH A DEBT SETTLEMENT SERVICES AGREEMENT, PROVIDED THAT:**

13           **(1) THE FUNDS ARE HELD IN AN ACCOUNT AT AN INSURED**  
14 **FINANCIAL INSTITUTION, AS DEFINED IN § 1-101 OF THIS ARTICLE;**

15           **(2) THE CONSUMER OWNS THE FUNDS HELD IN THE ACCOUNT,**  
16 **INCLUDING ANY ACCRUED INTEREST;**

17           **(3) THE FINANCIAL INSTITUTION OR ENTITY ADMINISTERING THE**  
18 **ACCOUNT IS NOT OWNED OR CONTROLLED BY, OR IN ANY WAY AFFILIATED**  
19 **WITH, THE REGISTRANT;**

20           **(4) THE FINANCIAL INSTITUTION OR ENTITY ADMINISTERING THE**  
21 **ACCOUNT DOES NOT PAY OR ACCEPT ANY MONEY OR OTHER COMPENSATION IN**  
22 **EXCHANGE FOR REFERRALS OF BUSINESS INVOLVING THE REGISTRANT, BUT**  
23 **MAY CHARGE ACCOUNT RELATED FEES; AND**

24           **(5) IF THE CONSUMER REQUESTS TO WITHDRAW FROM THE DEBT**  
25 **SETTLEMENT SERVICES AGREEMENT, WITHIN 7 DAYS AFTER THE CONSUMER'S**  
26 **REQUEST, ALL FUNDS IN THE ACCOUNT, INCLUDING ACCRUED INTEREST, LESS**  
27 **ANY DEBT SETTLEMENT SERVICES FEES EARNED BY THE REGISTRANT IN**  
28 **COMPLIANCE WITH THIS SECTION, ARE PAID TO THE CONSUMER.**

29           **(E) (1) A REGISTRANT MAY NOT CHARGE A DEBT SETTLEMENT**  
30 **SERVICES FEE THAT EXCEEDS:**

31           **(I) WITH RESPECT TO EACH INDIVIDUAL DEBT, 30% OF THE**  
32 **EXCESS OF THE PRINCIPAL AMOUNT OF THE DEBT OVER THE AMOUNT PAID TO**  
33 **THE CREDITOR OR DEBT COLLECTOR TO SETTLE THE INDIVIDUAL DEBT; OR**

1                   **(II) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,**  
2 **WITH RESPECT TO THE TOTAL DEBT, 20% OF THE PRINCIPAL AMOUNT OF THE**  
3 **TOTAL DEBT.**

4                   **(2) THE AMOUNT OF A DEBT SETTLEMENT SERVICES FEE UNDER**  
5 **PARAGRAPH (1)(II) OF THIS SUBSECTION FOR EACH INDIVIDUAL DEBT:**

6                   **(I) MUST BEAR THE SAME PROPORTIONAL RELATIONSHIP**  
7 **TO THE DEBT SETTLEMENT SERVICES FEE FOR THE TOTAL DEBT AS THE**  
8 **INDIVIDUAL DEBT BEARS TO THE TOTAL DEBT; AND**

9                   **(II) MAY NOT EXCEED THE AMOUNT BY WHICH THE**  
10 **CONSUMER'S DEBT IS REDUCED.**

11                   **(F) (1) A REGISTRANT SHALL ALLOW A CONSUMER TO WITHDRAW**  
12 **FROM A DEBT SETTLEMENT SERVICES AGREEMENT AT ANY TIME.**

13                   **(2) IF A CONSUMER WITHDRAWS FROM THE DEBT SETTLEMENT**  
14 **SERVICES AGREEMENT, THE REGISTRANT:**

15                   **(I) MAY NOT CHARGE THE CONSUMER A PENALTY; AND**

16                   **(II) MAY COLLECT DEBT SETTLEMENT SERVICES FEES**  
17 **EARNED BY THE REGISTRANT IN COMPLIANCE WITH THIS SECTION.**

18 **12-1011.**

19                   **A REGISTRANT MAY NOT MISREPRESENT ANY MATERIAL ASPECT OF ANY**  
20 **DEBT SETTLEMENT SERVICE.**

21 **12-1012.**

22                   **(A) A DEBT SETTLEMENT SERVICES AGREEMENT SHALL:**

23                   **(1) BE SIGNED AND DATED BY THE REGISTRANT AND THE**  
24 **CONSUMER; AND**

25                   **(2) INCLUDE, IN AT LEAST 12 POINT TYPE:**

26                   **(I) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF**  
27 **THE CONSUMER;**

28                   **(II) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF**  
29 **THE REGISTRANT;**

1                   **(III) A DESCRIPTION OF THE DEBT SETTLEMENT SERVICES**  
2 **TO BE PROVIDED TO THE CONSUMER;**

3                   **(IV) 1. ANY DEBT SETTLEMENT SERVICES FEES TO BE**  
4 **CHARGED TO THE CONSUMER; AND**

5                               **2. A STATEMENT THAT THE REGISTRANT MAY NOT:**

6                                   **A. CHARGE THE CONSUMER A FEE FOR**  
7 **CONSULTATION OR FOR OBTAINING A CONSUMER'S CREDIT REPORT; OR**

8                                   **B. REQUIRE A VOLUNTARY CONTRIBUTION FROM**  
9 **THE CONSUMER FOR ANY SERVICE PROVIDED BY THE REGISTRANT;**

10                   **(V) THE IDENTITY OF EACH INDIVIDUAL CREDITOR OR**  
11 **DEBT COLLECTOR WHOSE DEBTS ARE TO BE SETTLED UNDER THE DEBT**  
12 **SETTLEMENT SERVICES AGREEMENT AND THE PRINCIPAL AMOUNT OF THE**  
13 **DEBT OWED TO EACH INDIVIDUAL CREDITOR OR DEBT COLLECTOR;**

14                   **(VI) THE PRINCIPAL AMOUNT OF THE TOTAL DEBT TO BE**  
15 **SETTLED UNDER THE DEBT SETTLEMENT SERVICES AGREEMENT;**

16                   **(VII) A GOOD FAITH ESTIMATE OF THE AMOUNT OF TIME**  
17 **NECESSARY TO ACHIEVE THE REPRESENTED RESULTS;**

18                   **(VIII) TO THE EXTENT THAT THE DEBT SETTLEMENT**  
19 **SERVICES MAY INCLUDE A DEBT SETTLEMENT OFFER TO ANY OF THE**  
20 **CONSUMER'S CREDITORS OR DEBT COLLECTORS, A GOOD FAITH ESTIMATE OF:**

21                               **1. THE TIME BY WHICH THE REGISTRANT WILL MAKE**  
22 **A BONA FIDE DEBT SETTLEMENT OFFER TO EACH OF THEM; AND**

23                               **2. THE AMOUNT OF MONEY OR PERCENTAGE OF**  
24 **EACH DEBT THAT THE CONSUMER MUST ACCUMULATE BEFORE THE**  
25 **REGISTRANT WILL MAKE A BONA FIDE DEBT SETTLEMENT OFFER TO EACH OF**  
26 **THEM;**

27                   **(IX) A STATEMENT THAT:**

28                               **1. THE CONSUMER MAY WITHDRAW FROM THE DEBT**  
29 **SETTLEMENT SERVICES AGREEMENT AT ANY TIME; AND**

1                   **2. IF A CONSUMER WITHDRAWS FROM THE DEBT**  
2 **SETTLEMENT SERVICES AGREEMENT, THE REGISTRANT:**

3                   **A. MAY NOT CHARGE A PENALTY; AND**

4                   **B. MAY COLLECT DEBT SETTLEMENT SERVICES FEES**  
5 **EARNED BY THE REGISTRANT;**

6                   **(X) IF THE REGISTRANT REQUESTS OR REQUIRES THE**  
7 **CONSUMER TO DEPOSIT FUNDS IN A DEDICATED ACCOUNT, A STATEMENT THAT:**

8                   **1. THE CONSUMER OWNS THE FUNDS HELD IN THE**  
9 **ACCOUNT, INCLUDING ANY ACCRUED INTEREST; AND**

10                   **2. IF THE CONSUMER REQUESTS TO WITHDRAW**  
11 **FROM THE DEBT SETTLEMENT SERVICES AGREEMENT, WITHIN 7 DAYS AFTER**  
12 **THE REQUEST, ALL FUNDS IN THE ACCOUNT, INCLUDING ACCRUED INTEREST,**  
13 **LESS ANY DEBT SETTLEMENT SERVICES FEES EARNED BY THE REGISTRANT IN**  
14 **COMPLIANCE WITH § 12-1010 OF THIS SUBTITLE, MUST BE PAID TO THE**  
15 **CONSUMER; AND**

16                   **(XI) A STATEMENT THAT THE CONSUMER MAY BE REQUIRED**  
17 **TO PAY TAXES ON THE AMOUNT BY WHICH THE CONSUMER'S DEBT IS REDUCED.**

18                   **(B) THE DISCLOSURES REQUIRED UNDER SUBSECTION (A)(2)(VII)**  
19 **THROUGH (XI) OF THIS SECTION SHALL BE PROVIDED TO THE CONSUMER IN A**  
20 **CLEAR AND CONSPICUOUS MANNER IN THE DEBT SETTLEMENT SERVICES**  
21 **AGREEMENT.**

22 **12-1013.**

23                   **AN ADVERTISEMENT FOR DEBT SETTLEMENT SERVICES SHALL INCLUDE**  
24 **CLEARLY AND CONSPICUOUSLY A DISCLOSURE THAT, TO THE EXTENT THAT ANY**  
25 **ASPECT OF THE DEBT SETTLEMENT SERVICES RELIES ON OR RESULTS IN THE**  
26 **CONSUMER'S FAILURE TO MAKE TIMELY PAYMENTS TO THE CONSUMER'S**  
27 **CREDITORS OR DEBT COLLECTORS, THE USE OF THE DEBT SETTLEMENT**  
28 **SERVICES:**

29                   **(1) WILL LIKELY ADVERSELY AFFECT THE CONSUMER'S**  
30 **CREDITWORTHINESS;**

31                   **(2) MAY RESULT IN THE CONSUMER BEING SUBJECT TO**  
32 **COLLECTIONS OR BEING SUED BY CREDITORS OR DEBT COLLECTORS; AND**

1           **(3) MAY INCREASE THE AMOUNT OF MONEY THE CONSUMER**  
2 **OWES DUE TO THE ACCRUAL OF FEES AND INTEREST BY CREDITORS OR DEBT**  
3 **COLLECTORS.**

4 **12-1014.**

5           **(A) A REGISTRANT THAT ESTABLISHES A DEDICATED ACCOUNT IN**  
6 **ACCORDANCE WITH § 12-1010(D) OF THIS SUBTITLE SHALL FILE A SURETY**  
7 **BOND WITH THE COMMISSIONER AT THE TIME THE DEDICATED ACCOUNT IS**  
8 **ESTABLISHED.**

9           **(B) A SURETY BOND FILED UNDER THIS SECTION SHALL:**

10           **(1) RUN TO THE COMMISSIONER FOR THE BENEFIT OF ANY**  
11 **CONSUMER WHO IS INJURED BY A VIOLATION OF THIS SUBTITLE COMMITTED BY**  
12 **A REGISTRANT;**

13           **(2) (I) BE IN AN AMOUNT NOT LESS THAN \$10,000 AT THE TIME**  
14 **IT IS FILED; AND**

15           **(II) BEGINNING 3 MONTHS AFTER IT IS FILED, BE IN AN**  
16 **AMOUNT NOT LESS THAN THE AVERAGE OF THE BALANCE OF FUNDS HELD IN A**  
17 **DEDICATED ACCOUNT DURING THE PRECEDING 3 MONTHS, BUT NOT LESS THAN**  
18 **\$10,000 AND NOT MORE THAN \$1,000,000;**

19           **(3) ISSUED BY A BONDING, SURETY, OR INSURANCE COMPANY**  
20 **THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE; AND**

21           **(4) CONDITIONED SO THAT THE REGISTRANT SHALL COMPLY**  
22 **WITH ALL STATE AND FEDERAL LAWS AND REGULATIONS GOVERNING THE**  
23 **BUSINESS OF PROVIDING DEBT SETTLEMENT SERVICES.**

24           **(C) IF THE AMOUNT OF THE SURETY BOND INITIALLY FILED WITH THE**  
25 **COMMISSIONER MUST BE INCREASED TO MEET THE MINIMUM REQUIREMENTS**  
26 **UNDER SUBSECTION (B)(2) OF THIS SECTION, THE REGISTRANT SHALL FILE**  
27 **WITH THE COMMISSIONER EVIDENCE OF THE INCREASED BOND AMOUNT IN A**  
28 **FORM SATISFACTORY TO THE COMMISSIONER.**

29 **12-1015.**

30           **(A) ON OR BEFORE APRIL 30 EACH YEAR, A REGISTRANT SHALL**  
31 **REPORT TO THE COMMISSIONER ON THE DEBT SETTLEMENT SERVICES**  
32 **BUSINESS OF THE REGISTRANT CONDUCTED DURING THE PRECEDING**  
33 **CALENDAR YEAR.**

1           **(B) THE ANNUAL REPORT SHALL BE ON THE FORM THAT THE**  
2 **COMMISSIONER REQUIRES.**

3 **12-1016.**

4           **A VIOLATION OF THIS SUBTITLE IS:**

5                   **(1) AN UNFAIR OR DECEPTIVE TRADE PRACTICE WITHIN THE**  
6 **MEANING OF TITLE 13 OF THE COMMERCIAL LAW ARTICLE; AND**

7                   **(2) SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS**  
8 **OF TITLE 13 OF THE COMMERCIAL LAW ARTICLE.**

9 **12-1017.**

10           **THIS SUBTITLE MAY BE CITED AS THE MARYLAND DEBT SETTLEMENT**  
11 **SERVICES ACT.**

12           SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 1,  
13 2012, the Office of the Commissioner of Financial Regulation in the Department of  
14 Labor, Licensing, and Regulation, in consultation with the Consumer Protection  
15 Division of the Office of the Attorney General, shall report, in accordance with §  
16 2-1246 of the State Government Article, to the Senate Finance Committee and the  
17 House Economic Matters Committee on its recommendations regarding changes to the  
18 Maryland Debt Settlement Services Act, including whether to transition from a  
19 registration requirement to a licensure requirement for debt settlement services  
20 providers.

21           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 October 1, 2011.