

HOUSE BILL 79

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(PRE-FILED)

By: **Chair, Economic Matters Committee (By Request – Departmental – Labor, Licensing and Regulation)**

Requested: October 5, 2009

Introduced and read first time: January 13, 2010

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – Credit Services Businesses – Limitation on Fees**

3 FOR the purpose of prohibiting a credit services business, its employees, and certain
4 independent contractors from charging or receiving any money or other valuable
5 consideration in connection with an extension of credit that, when combined
6 with any interest charged on the extension of credit, would exceed a certain
7 interest rate; and generally relating to the regulation of credit services
8 businesses.

9 BY repealing and reenacting, with amendments,
10 Article – Commercial Law
11 Section 14–1902
12 Annotated Code of Maryland
13 (2005 Replacement Volume and 2009 Supplement)

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

16 **Article – Commercial Law**

17 14–1902.

18 A credit services business, its employees, and independent contractors who sell
19 or attempt to sell the services of a credit services business shall not:

20 (1) Receive any money or other valuable consideration from the
21 consumer, unless the credit services business has secured from the Commissioner a
22 license under Title 11, Subtitle 3 of the Financial Institutions Article;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) Receive any money or other valuable consideration solely for
2 referral of the consumer to a retail seller or to any other credit grantor who will or
3 may extend credit to the consumer, if the credit extended to the consumer is
4 substantially the same terms as those available to the general public;

5 (3) Make, or assist or advise any consumer to make, any statement or
6 other representation that is false or misleading, or which by the exercise of reasonable
7 care should be known to be false or misleading, to a consumer reporting agency,
8 government agency, or person to whom the consumer applies or intends to apply for an
9 extension of credit, regarding a consumer's creditworthiness, credit standing, credit
10 capacity, or true identity;

11 (4) Make or use any false or misleading representations in the offer or
12 sale of the services of a credit services business;

13 (5) Engage, directly or indirectly, in any act, practice, or course of
14 business which operates as a fraud or deception on any person in connection with the
15 offer or sale of the services of a credit services business;

16 (6) Charge or receive any money or other valuable consideration prior
17 to full and complete performance of the services that the credit services business has
18 agreed to perform for or on behalf of the consumer;

19 **(7) CHARGE OR RECEIVE ANY MONEY OR OTHER VALUABLE**
20 **CONSIDERATION IN CONNECTION WITH AN EXTENSION OF CREDIT THAT, WHEN**
21 **COMBINED WITH ANY INTEREST CHARGED ON THE EXTENSION OF CREDIT,**
22 **WOULD EXCEED THE INTEREST RATE PERMITTED FOR THE EXTENSION OF**
23 **CREDIT UNDER THE APPLICABLE TITLE OF THIS ARTICLE;**

24 **[(7)] (8)** Create, assist a consumer to create, or provide a consumer
25 with information on how to create, a new consumer report, credit file, or credit record
26 by obtaining and using a different name, address, telephone number, Social Security
27 number, or employer tax identification number; or

28 **[(8)] (9)** Assist a consumer to obtain an extension of credit at a rate
29 of interest which, except for federal preemption of State law, would be prohibited
30 under Title 12 of this article.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 2010.