

HOUSE BILL 1157

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3lr2206
CF SB 432

By: **Delegates Hucker, Barkley, and Vaughn**

Introduced and read first time: February 8, 2013

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 2013

CHAPTER _____

1 AN ACT concerning

2 **Consumer Protection – Consumer Debt Collection – Disclosure Requirements**

3 FOR the purpose of requiring collectors of certain debt to disclose ~~in writing~~ certain
4 information in certain communications to certain debtors; ~~defining a certain~~
5 ~~term~~; making a stylistic change; providing for the application of this Act; and
6 generally relating to consumer debt and disclosure requirements for debt
7 collectors.

8 ~~BY repealing and reenacting, without amendments,~~
9 ~~Article – Commercial Law~~
10 ~~Section 14–201(a)~~
11 ~~Annotated Code of Maryland~~
12 ~~(2005 Replacement Volume and 2012 Supplement)~~

13 ~~BY adding to~~
14 ~~Article – Commercial Law~~
15 ~~Section 14–201(e)~~
16 ~~Annotated Code of Maryland~~
17 ~~(2005 Replacement Volume and 2012 Supplement)~~

18 BY repealing and reenacting, with amendments,
19 Article – Commercial Law
20 Section 14–202
21 Annotated Code of Maryland
22 (2005 Replacement Volume and 2012 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 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article – Commercial Law**

4 ~~14-201.~~

5 ~~(a) In this subtitle the following words have the meanings indicated.~~

6 ~~(E) (1) “PRINCIPAL” MEANS THE UNPAID BALANCE OF THE FUNDS~~
7 ~~BORROWED, THE CREDIT OBTAINED, THE SALES PRICE OF GOODS OR SERVICES~~
8 ~~PURCHASED, OR THE CAPITAL SUM OF ANY OTHER DEBT OR OBLIGATION~~
9 ~~ARISING FROM A CONSUMER TRANSACTION, ALLEGED TO BE OWED TO THE~~
10 ~~ORIGINAL CREDITOR.~~

11 ~~(2) “PRINCIPAL” DOES NOT INCLUDE INTEREST, FEES, OR~~
12 ~~CHARGES ADDED TO THE DEBT OR OBLIGATION BY THE ORIGINAL CREDITOR OR~~
13 ~~ANY SUBSEQUENT ASSIGNEES OF THE CONSUMER DEBT.~~

14 14-202.

15 **(A) (1) (I) THIS SUBSECTION APPLIES ONLY TO THE COLLECTION**
16 **OF A CREDIT CARD DEBT THAT:**

17 **1. WAS CHARGED OFF BY A HOLDER OF THE DEBT;**
18 **AND**

19 **2. SUBSEQUENT TO THE CHARGE OFF, WAS SOLD TO**
20 **A THIRD PARTY COLLECTOR.**

21 **(II) THIS SUBSECTION DOES NOT APPLY TO THE**
22 **COLLECTION OF A DEBT SUBJECT TO THIS SUBSECTION BY:**

23 **1. A BANK, TRUST COMPANY, SAVINGS BANK,**
24 **SAVINGS AND LOAN ASSOCIATION, OR CREDIT UNION; OR**

25 **2. AN AFFILIATE OR SUBSIDIARY OF AN ENTITY**
26 **DESCRIBED IN ITEM 1 OF THIS SUBPARAGRAPH THAT IS NOT PRINCIPALLY**
27 **ENGAGED IN THE PURCHASE AND COLLECTION OF CHARGED OFF CREDIT CARD**
28 **DEBT.**

29 **(2) IN COLLECTING OR ATTEMPTING TO COLLECT AN ALLEGED**
30 **DEBT SUBJECT TO THIS SUBSECTION, A COLLECTOR SHALL DISCLOSE ~~IN~~**

1 ~~WRITING~~ IN ANY WRITTEN COMMUNICATION TO THE DEBTOR RELATING TO THE
2 ALLEGED DEBT:

3 ~~(1)~~ (I) THE TOTAL AMOUNT OF THE CHARGED OFF DEBT; AND

4 ~~(2)~~ ~~THE PORTION OF THE DEBT THAT IS PRINCIPAL;~~

5 ~~(3)~~ ~~THE PORTION OF THE DEBT THAT IS INTEREST; AND~~

6 ~~(4)~~ (II) ANY INTEREST AND FEES THAT HAVE BEEN ADDED TO
7 THE CHARGED OFF DEBT TOTAL BY THE COLLECTOR.

8 (B) In collecting or attempting to collect an alleged debt, a collector may not:

9 (1) Use or threaten force or violence;

10 (2) Threaten criminal prosecution, unless the transaction involved the
11 violation of a criminal statute;

12 (3) Disclose or threaten to disclose information which affects the
13 debtor's reputation for credit worthiness with knowledge that the information is false;

14 (4) Except as permitted by statute, contact a person's employer with
15 respect to a delinquent indebtedness before obtaining final judgment against the
16 debtor;

17 (5) Except as permitted by statute, disclose or threaten to disclose to a
18 person other than the debtor or his spouse or, if the debtor is a minor, his parent,
19 information which affects the debtor's reputation, whether or not for credit worthiness,
20 with knowledge that the other person does not have a legitimate business need for the
21 information;

22 (6) Communicate with the debtor or a person related to him with the
23 frequency, at the unusual hours, or in any other manner as reasonably can be
24 expected to abuse or harass the debtor;

25 (7) Use obscene or grossly abusive language in communicating with
26 the debtor or a person related to him;

27 (8) Claim, attempt, or threaten to enforce a right with knowledge that
28 the right does not exist; or

29 (9) Use a communication which simulates legal or judicial process or
30 gives the appearance of being authorized, issued, or approved by a government,
31 governmental agency, or lawyer when it is not.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
 2 construed to apply only prospectively and may not be applied or interpreted to have
 3 any effect on or application to the collection of charged off debt by a collector before the
 4 effective date of this Act.

5 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
 6 effect October 1, 2013.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.