

SENATE BILL 893

I3, I2

7lr2665
CF 7lr3533

By: **Senator Feldman**

Introduced and read first time: February 3, 2017

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – Credit Services Businesses – Authority to Charge and**
3 **Receive Consideration**

4 FOR the purpose of limiting the circumstances under which a credit services business is
5 prohibited from charging or receiving any money or other valuable consideration
6 prior to full and complete performance of the services that the credit services
7 business has agreed to perform for or on behalf of the consumer; authorizing a credit
8 services business to charge or receive money or other valuable consideration prior to
9 full and complete performance of the services that the credit services business has
10 agreed to perform for or on behalf of the consumer if the services are related to
11 certain actions and the consumer enters into a certain written agreement; and
12 generally relating to the authority of credit services businesses to charge and receive
13 consideration.

14 BY repealing and reenacting, with amendments,
15 Article – Commercial Law
16 Section 14–1902
17 Annotated Code of Maryland
18 (2013 Replacement Volume and 2016 Supplement)

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

21 **Article – Commercial Law**

22 14–1902.

23 **(A)** A credit services business, its employees, and independent contractors who
24 sell or attempt to sell the services of a credit services business shall not:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

19 (6) **[Charge] IN CONNECTION WITH SERVICES RELATED TO**
20 **OBTAINING, OR PROVIDING ADVICE OR ASSISTANCE TO A CONSUMER WITH REGARD**
21 **TO OBTAINING, AN EXTENSION OF CREDIT, CHARGE** or receive any money or other
22 valuable consideration prior to full and complete performance of the services that the credit
23 services business has agreed to perform for or on behalf of the consumer;

24 (7) Charge or receive any money or other valuable consideration in
25 connection with an extension of credit that, when combined with any interest charged on
26 the extension of credit, would exceed the interest rate permitted for the extension of credit
27 under the applicable title of this article;

28 (8) Create, assist a consumer to create, or provide a consumer with
29 information on how to create, a new consumer report, credit file, or credit record by
30 obtaining and using a different name, address, telephone number, Social Security number,
31 or employer tax identification number; or

32 (9) Assist a consumer to obtain an extension of credit at a rate of interest
33 which, except for federal preemption of State law, would be prohibited under Title 12 of
34 this article.

35 **(B) A CREDIT SERVICES BUSINESS MAY CHARGE AND RECEIVE MONEY OR**
36 **OTHER VALUABLE CONSIDERATION PRIOR TO FULL AND COMPLETE PERFORMANCE**

1 OF THE SERVICES THE CREDIT SERVICES BUSINESS HAS AGREED TO PERFORM FOR
2 OR ON BEHALF OF A CONSUMER IF:

3 (1) THE SERVICES ARE RELATED TO:

4 (I) IMPROVING A CONSUMER'S CREDIT RECORD, HISTORY, OR
5 RATING; OR

6 (II) PROVIDING ADVICE OR ASSISTANCE TO A CONSUMER WITH
7 REGARD TO IMPROVING A CONSUMER'S CREDIT RECORD, HISTORY, OR RATING; AND

8 (2) THE CONSUMER HAS ENTERED INTO A WRITTEN AGREEMENT:

9 (I) IN WHICH THE CONSUMER AGREES TO PAY FOR THE
10 SERVICES DURING THE TERM OF THE AGREEMENT;

11 (II) THAT PROVIDES FOR THE CONSUMER TO MAKE PERIODIC
12 PAYMENTS IN CONSIDERATION FOR THE CREDIT SERVICE BUSINESS'S ONGOING
13 PERFORMANCE OF SERVICES FOR OR ON BEHALF OF THE CONSUMER; AND

14 (III) THAT MAY BE CANCELED BY THE CONSUMER AT ANY TIME.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
16 1, 2017.