

SENATE BILL 68

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9lr0057

(PRE-FILED)

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

Requested: October 25, 2018

Introduced and read first time: January 9, 2019

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 15, 2019

CHAPTER _____

1 AN ACT concerning

2 **Commercial Law – Credit Services Businesses – Information Statements**

3 FOR the purpose of exempting ~~a certain~~ credit services ~~business~~ businesses from certain
4 information statement requirements when the credit services business is engaged to
5 obtain an extension of credit for a consumer; altering the definition of a credit
6 services business; requiring certain credit services businesses to provide certain
7 information with certain contracts; requiring certain credit services businesses to
8 provide a copy of a certain contract before the consumer executes the contract; and
9 generally relating to credit services businesses.

10 BY repealing and reenacting, without amendments,

11 Article – Commercial Law

12 Section 14–1901(a)

13 Annotated Code of Maryland

14 (2013 Replacement Volume and 2018 Supplement)

15 BY repealing and reenacting, with amendments,

16 Article – Commercial Law

17 Section ~~14–1904~~ 14–1901(e)(1), 14–1904, and 14–1906

18 Annotated Code of Maryland

19 (2013 Replacement Volume and 2018 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 MARYLAND,
2 That the Laws of Maryland read as follows:

3 **Article – Commercial Law**

4 14–1901.

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

6 (e) (1) “Credit services business” means any person who, with respect to the
7 extension of credit by others, sells, provides, or performs, or represents that such person
8 can or will sell, provide, or perform, any of the following services in return for the payment
9 of money or other valuable consideration:

10 (i) Improving a consumer’s credit record, history, or rating or
11 establishing a new credit file or record, OR PROVIDING ADVICE OR ASSISTANCE TO A
12 CONSUMER WITH REGARD TO IMPROVING THE CONSUMER’S CREDIT RECORD,
13 HISTORY, OR RATING OR ESTABLISHING A NEW CREDIT FILE OR RECORD; OR

14 (ii) Obtaining an extension of credit for a consumer, OR PROVIDING
15 ADVICE OR ASSISTANCE TO A CONSUMER WITH REGARD TO OBTAINING AN
16 EXTENSION OF CREDIT FOR THE CONSUMER]; or

17 (iii) Providing advice or assistance to a consumer with regard to
18 either subparagraph (i) or (ii) of this paragraph].

19 14–1904.

20 (a) **THIS SECTION DOES NOT APPLY ~~WHEN TO~~ A CREDIT SERVICES BUSINESS**
21 **~~IS ENGAGED TO OBTAIN AN EXTENSION OF CREDIT FOR A CONSUMER PROVIDING~~**
22 **THE SERVICES DESCRIBED IN § 14–1901(E)(1)(II) OF THIS SUBTITLE.**

23 (B) Before either the execution of a contract or agreement between a consumer
24 and a credit services business or the receipt by the credit services business of any money or
25 other valuable consideration, the credit services business shall provide the consumer with
26 a written information statement containing all of the information required under § 14–1905
27 of this subtitle.

28 [(b)] (C) The credit services business shall maintain on file for a period of 2 years
29 from the date of the consumer’s acknowledgment a copy of the information statement
30 signed by the consumer acknowledging receipt of the information statement.

31 14–1906.

32 (a) Every contract between a consumer and a credit services business for the
33 purchase of the services of the credit services business shall [be]:

1 (1) BE in writing, dated, AND signed by the consumer[,]; ~~and~~ [shall]

2 (2) ~~EXCEPT WHEN THE CREDIT SERVICES BUSINESS IS ENGAGED TO~~
3 ~~OBTAIN AN EXTENSION OF CREDIT FOR THE CONSUMER~~ FOR A CREDIT SERVICES
4 BUSINESS PROVIDING THE SERVICES DESCRIBED IN § 14-1901(E)(1)(I) OF THIS
5 SUBTITLE, include:

6 [(1)] (I) A conspicuous statement in size equal to at least 10-point bold
7 type, in immediate proximity to the space reserved for the signature of the consumer as
8 follows:

9 “You, the buyer, may cancel this contract at any time prior to midnight of the third
10 business day after the date of the transaction. See the attached notice of cancellation form
11 for an explanation of this right.”;

12 [(2)] (II) The terms and conditions of payment, including the total of all
13 payments to be made by the consumer, whether to the credit services business or to some
14 other person;

15 [(3)] (III) A complete and detailed description of the services to be
16 performed and the results to be achieved by the credit services business for or on behalf of
17 the consumer, including all guarantees and all promises of full or partial refunds and a list
18 of the adverse information appearing on the consumer’s credit report that the credit
19 services business expects to have modified and the estimated date by which each
20 modification will occur; and

21 [(4)] (IV) The principal business address of the credit services business
22 and the name and address of its agent in this State authorized to receive service of process;
23 AND

24 (3) FOR A CREDIT SERVICES BUSINESS PROVIDING THE SERVICES
25 DESCRIBED IN § 14-1901(E)(1)(II) OF THIS SUBTITLE, INCLUDE:

26 (I) A STATEMENT OF THE CONSUMER’S RIGHT TO FILE A
27 COMPLAINT UNDER § 14-1911 OF THIS SUBTITLE;

28 (II) THE ADDRESS OF THE COMMISSIONER WHERE A CONSUMER
29 CAN FILE A COMPLAINT UNDER § 14-1911 OF THIS SUBTITLE;

30 (III) A STATEMENT THAT A BOND EXISTS AND THE CONSUMER’S
31 RIGHT TO PROCEED AGAINST THE BOND UNDER THE CIRCUMSTANCES AND IN THE
32 MANNER SET FORTH UNDER § 14-1910 OF THIS SUBTITLE; AND

(IV) THE PRINCIPAL BUSINESS ADDRESS OF THE CREDIT SERVICES BUSINESS.

(b) The contract shall be accompanied by a form completed in duplicate, captioned “NOTICE OF CANCELLATION”, which shall be attached to the contract and easily detachable, and which shall contain in at least 10–point bold type the following statement:

“NOTICE OF CANCELLATION

You may cancel this contract, without any penalty or obligation, at any time prior to midnight of the third business day after the date the contract is signed.

If you cancel, any payment made by you under this contract will be returned within 10 days following receipt by the seller of your cancellation notice.

To cancel this contract, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, to

(Name of seller)

At

(Address of seller)

.....

(Place of business)

Not later than midnight

(Date)

I hereby cancel this transaction.

.....

(Date) (Buyer’s signature)”

(C) A CREDIT SERVICES BUSINESS PROVIDING THE SERVICES DESCRIBED IN § 14–1901(E)(1)(II) OF THIS SUBTITLE SHALL PROVIDE THE CONSUMER WITH A COPY OF THE CONTRACT BETWEEN THE CREDIT SERVICES BUSINESS AND THE CONSUMER BEFORE THE CONSUMER EXECUTES THE CONTRACT.

~~(D)~~ (D) A copy of the completed contract and all other documents the credit services business requires the consumer to sign shall be given by the credit services business to the consumer at the time they are signed.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2019.