

(c) *The licensee's liability under this section may not exceed the amount owing to the licensee with respect to the sale at the time the licensee has notice of a claim or defense of the buyer against the seller. If two or more loans, other than pursuant to a revolving loan account, are consolidated, payments received after the consolidation are deemed, for the purpose of determining the amount owing the licensee with respect to the sale, to have been first applied to the payment of the loans first made; if the loans consolidated arose from sales made on the same day, payments are deemed to have been first applied to the smallest loan. Payments received upon a revolving loan account are deemed, for the purpose of determining the amount owing the licensee with respect to the sale, to have been first applied to the payment of credit service charges in the order of their entry to the account and then to the payment of loans in the order in which the entries to the account showing the loans were made.*

(D) **THE LICENSEE SHALL BE SUBROGATED TO ALL RIGHTS AND REMEDIES THAT THE BORROWER MAY HAVE AGAINST THE SELLER.**

Sec. 5. *Be it enacted by the General Assembly of Maryland, That new Section 162A be and it is hereby added to Article 83 of the Code, (1969 Replacement Volume), title "Sales and Notices," subtitle "Finance Companies," to follow immediately after Section 162 thereof, and to read as follows:*

162A.

(a) *Any licensee who makes a loan under this subtitle for the purpose of enabling a borrower to buy goods or services, other than for an agricultural purpose, is subject to all claims and defenses of the borrower against the seller arising from the sale of goods and services if:*

(1) *The licensee knows that the seller arranged for the extension of credit by the licensee;*

(2) *The sale is made in this State by a seller who allows the buyer to purchase the goods or services pursuant to a licensee credit card or similar arrangement and the residence of the buyer is in this State;*

(3) *The licensee otherwise knowingly participated in the sale.*

(b) *In determining knowing participation by the licensee in a sale transaction, consideration may be given to the following factors, among others:*

(1) *That the licensee was a person related to the seller unless the relationship was remote or was not a factor in the sale or loan;*

(2) *The proceeds of the loan were made payable in whole or in part to the seller;*

(3) *The licensee takes a purchase money security interest in the goods which are the subject of the sale;*

(4) *That the seller guaranteed the loan or otherwise assumed the risk of loss by the licensee upon the loan;*

(5) *That the licensee directly supplied the seller with a form used by the borrower to evidence or secure the loan; or*