

Moreover, Senate Bill 861 does not provide that a credit grantor extend a line of credit to at least equal the amount of the security deposit required of the account holder. Therefore, a much greater deposit could be required that has little or no relationship to the amount of the credit line extended. For example, a \$600 deposit could be required for a \$300 line of credit. This would be unfair to Maryland consumers seeking to establish an acceptable credit record when credit cannot be obtained through traditional channels.

These latter two concerns, the ambiguity contained in the bill regarding the accrual of interest and the omission of a 1:1 credit-to-deposit requirement, are both significant consumer protection provisions which should be included and clearly stated.

Finally, Senate Bill 861 was represented to the General Assembly as a possible vehicle for the transfer to Maryland of a secured credit card operation offered by a particular company in Delaware. It is important to note that under current law the plan offered by this company is permitted in Maryland. The sole difference created by the enactment of Senate Bill 861 would be the number and types of additional fees that could be imposed on these accounts. While I would encourage this company to move to Maryland and take advantage of our existing revolving credit provisions, I could not do so at the expense of opening an entire new area of consumer credit without adequate protection for the public.

Therefore, because of the absence of key consumer protection provisions, the uncertainty created by the legal ambiguity contained in the bill, and the philosophical departure from current Maryland law represented by the possibility of charging three new fees on secured open-end credit accounts, I have decided to veto Senate Bill 861.

Sincerely,
Harry Hughes
Governor

Senate Bill No. 861

AN ACT concerning

Open End Credit - Fees and Charges

FOR the purpose of authorizing a credit grantor to impose on a consumer borrower certain fees and charges under any open end credit plan ~~not-secured-by-a-lien-on-residential-real~~ property secured by certain deposit, savings, passbook or