

CHAPTER 451

(House Bill 444)

AN ACT concerning

Revolving Credit Plans and Closed End Credit - Permissible Charges

FOR the purpose of limiting the charges that may be imposed by credit grantors on borrowers as a result of delinquent payment and payment by dishonored checks; prohibiting certain fees from being considered permissible; making stylistic changes; and generally relating to revolving credit plans and closed end credit.

BY repealing and reenacting, with amendments,

Article - Commercial Law
Section 12-910 and 12-1008
Annotated Code of Maryland
(1983 Replacement Volume and 1985 Supplement)

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

Article - Commercial Law

12-910.

(a) If the agreement governing a revolving credit plan permits, a credit grantor may:

(1) For a nonconsumer borrower, charge a higher periodic percentage rate of interest on outstanding unpaid payments or portions of payments under the plan which are in default; and

(2) For any borrower, impose [a]:

(I) A late or delinquency charge [upon] ON payments or portions of payments; AND

(II) IF PAYMENT IS MADE WITH A CHECK THAT IS DISHONORED ON THE SECOND PRESENTMENT, A CHARGE NOT TO EXCEED \$10.

(b) (1) No more than one late or delinquency charge may be imposed for any single scheduled payment or portion regardless of the period during which it remains in default.

(2) For the purpose of this subsection, all payments by the borrower shall be applied to satisfaction of scheduled payments in the order in which they become due.