

HOUSE BILL 1027

I2

(2lr2599)

ENROLLED BILL

— *Economic Matters/Finance* —

Introduced by **Delegates Barkley and Vaughn**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Credit Regulation – Retail Installment Sales and Closed End Credit – Debt**
3 **Cancellation Agreements – Definitions**

4 FOR the purpose of altering the definition of “debt cancellation agreement”, for
5 purposes of certain provisions of law governing retail installment sales and
6 closed end credit, to include, under certain circumstances, an agreement under
7 which the outstanding balance of a loan is reduced by the actual cash value of a
8 certain motor vehicle or of certain collateral at the time of loss; altering the
9 definitions of “outstanding balance” and “remaining loan balance” to exclude
10 any ~~other items as agreed to by the parties and stated in the debt cancellation~~
11 ~~agreement~~ deferred payments and the refundable a certain portion of any
12 financed taxes and charges; and generally relating to credit regulation and debt
13 cancellation agreements.

14 BY repealing and reenacting, without amendments,

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.

Italics indicate opposite chamber/conference committee amendments.



1 Article – Commercial Law
 2 Section 12–601(a) and 12–1001(a)
 3 Annotated Code of Maryland
 4 (2005 Replacement Volume and 2011 Supplement)

5 BY repealing and reenacting, with amendments,
 6 Article – Commercial Law
 7 Section 12–601(h) and (p) and 12–1001(h) and (l)
 8 Annotated Code of Maryland
 9 (2005 Replacement Volume and 2011 Supplement)

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

12 **Article – Commercial Law**

13 12–601.

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

15 (h) “Debt cancellation agreement” means an agreement between a seller and
 16 a buyer which provides for cancellation of the outstanding balance payable under an
 17 installment sale agreement in the event of theft or total destruction of the motor
 18 vehicle that is the subject of the installment sale agreement [after application of]
 19 **MINUS** the proceeds of any insurance maintained on the motor vehicle **OR, IF THE**
 20 **BUYER DOES NOT HAVE INSURANCE THAT COVERS THE LOSS, THE ACTUAL CASH**
 21 **VALUE OF THE MOTOR VEHICLE AT THE TIME OF LOSS, DETERMINED AS**
 22 **PROVIDED IN THE DEBT CANCELLATION AGREEMENT.**

23 (p) “Outstanding balance”, when used in reference to a debt cancellation
 24 agreement, does not include:

25 (1) Any delinquent **OR DEFERRED** payments;

26 (2) Past due charges;

27 (3) Late payment charges;

28 (4) Unearned interest;

29 (5) Unearned rental payments; [or]

30 **(6) THE REFUNDABLE PORTION OF ANY FINANCED TAXES OR**
 31 **CHARGES, INCLUDING CHARGES FOR CREDIT LIFE INSURANCE, CREDIT HEALTH**
 32 **INSURANCE, CREDIT INVOLUNTARY UNEMPLOYMENT BENEFIT INSURANCE, AND**

1 MECHANICAL REPAIR CONTRACTS, ACTUALLY REFUNDED TO THE BUYER OR
 2 CREDITED AS A REDUCTION TO THE LOAN BALANCE; OR

3 ~~(6)~~ (7) By agreement of the parties, the amount of any primary
 4 insurance deductible; ~~OR~~

5 ~~(7) OTHER ITEMS AS AGREED TO BY THE PARTIES AND STATED IN~~
 6 ~~THE DEBT CANCELLATION AGREEMENT.~~

7 12-1001.

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

9 (h) "Debt cancellation agreement" means an agreement between a credit
 10 grantor and a borrower which provides for cancellation of the remaining loan balance
 11 in the event of theft or total destruction of the collateral for the loan [after application
 12 of] MINUS the proceeds of any insurance maintained on the collateral for the loan ~~OR,~~
 13 ~~IF THE BORROWER DOES NOT HAVE INSURANCE THAT COVERS THE LOSS, THE~~
 14 ~~ACTUAL CASH VALUE OF THE MOTOR VEHICLE COLLATERAL AT THE TIME OF~~
 15 ~~LOSS, DETERMINED AS PROVIDED IN THE DEBT CANCELLATION AGREEMENT.~~

16 (l) "Remaining loan balance", when used in reference to a debt cancellation
 17 agreement, does not include:

18 (1) Any delinquent OR DEFERRED payments;

19 (2) Past due charges;

20 (3) Late payment charges;

21 (4) Unearned interest;

22 (5) Unearned rental payments; [or]

23 ~~(6) THE REFUNDABLE PORTION OF ANY FINANCED TAXES OR~~
 24 ~~CHARGES, INCLUDING CHARGES FOR CREDIT LIFE INSURANCE, CREDIT HEALTH~~
 25 ~~INSURANCE, CREDIT INVOLUNTARY UNEMPLOYMENT BENEFIT INSURANCE, AND~~
 26 ~~MECHANICAL REPAIR CONTRACTS, ACTUALLY REFUNDED TO THE BORROWER OR~~
 27 ~~CREDITED AS A REDUCTION TO THE LOAN BALANCE; OR~~

28 ~~(6)~~ (7) By agreement of the parties, the amount of any primary
 29 insurance deductible; ~~OR~~

30 ~~(7) OTHER ITEMS AS AGREED TO BY THE PARTIES AND STATED IN~~
 31 ~~THE DEBT CANCELLATION AGREEMENT.~~

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2012.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.