

§2-506. Advances to perform covenants of consumer

1. If the agreement with respect to a consumer credit transaction contains covenants by the consumer to perform certain duties pertaining to insuring or preserving collateral and the creditor pursuant to the agreement pays for performance of the duties on behalf of the consumer, the creditor may add the amounts paid to the debt. Within a reasonable time after advancing any sums, the creditor shall state to the consumer in writing the amount of the sums advanced, any charges with respect to this amount and any revised payment schedule and, if the duties of the consumer performed by the creditor pertain to insurance, a brief description of the insurance paid for by the creditor including the type and amount of coverages. No further information need be given.

[RR 2025, c. 1, Pt. C, §12 (COR).]

2. A finance charge may be made for sums advanced pursuant to subsection 1 at a rate not exceeding the rate stated to the consumer pursuant to law in a disclosure statement, except that with respect to open-end credit the amount of the advance may be added to the unpaid balance of the debt and the creditor may make a finance charge not exceeding that permitted by the appropriate provisions on finance charge for consumer credit sales pursuant to open-end credit, section 2-202, or for consumer loans, section 2-402, whichever is appropriate.

[PL 1987, c. 129, §53 (AMD).]

3. This section does not apply to consumer leases.

[PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1987, c. 129, §§52,53 (AMD). RR 2025, c. 1, Pt. C, §12 (COR).

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