

# MAINE STATE LEGISLATURE

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L.D. 1852

(Filing No. S-407)

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STATE OF MAINE  
SENATE  
110TH LEGISLATURE  
SECOND REGULAR SESSION

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COMMITTEE AMENDMENT " A" to S.P. 787, L.D. 1852, Bill,  
"AN ACT to Amend the Maine Consumer Credit Code Regarding  
Educational Loans and Cosigner Notices."

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Amend the bill in the emergency preamble by inserting  
after the 4th paragraph the following:

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'Whereas, the cosigner notice provisions of the Maine  
Consumer Credit Code, which were enacted in the First  
Regular Session and are scheduled to take effect on April 1,  
1982, have inadvertently created considerable confusion  
about the notices to be given cosigners, especially in cases  
of open-end credit; and'

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Further amend the bill by striking out everything after  
the enacting clause and inserting in its place the follow-  
ing:

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'Sec. 1. 9-A MRSA §1-202, sub-§7, as last amended by  
PL 1979, c. 541, Pt. A, §85, is further amended to read:

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7. A loan made by a supervised financial organization  
or an institution of higher education when the loan is a low  
interest educational loan made for the purpose of financing  
expenses related to the borrower's attendance at an institu-  
tion of post-secondary education, and on which the finance  
charge does not exceed 7 1/2% that rate per year on the  
unpaid balances of the amount financed or such finance  
charge in excess thereof as the United States Secretary of  
Health, Education and Welfare shall from time to time estab-  
lish as shall be established by federal law or, for loans  
for which federal law does not establish a rate, the highest  
rate established for educational loans under any federal  
program, and which is insured, guaranteed or subsidized by  
the Federal Government or a state or by a nonprofit private  
loan guaranty or organization or by the institution of  
higher education itself or through an endowment or trust  
fund affiliated with such an institution; or

D. OF R.

1 COMMITTEE AMENDMENT "A" to S.P. 787, L.D. 1852

2       **Sec. 2. 9-A MRSA §3-206, sub-§1, first ¶**, as enacted  
3 by PL 1981, c. 264, §1, is amended to read as follows:

4 A ~~natural person~~ consumer is not obligated as a cosigner,  
5 comaker, guarantor, endorser, surety or similar party with  
6 respect to a consumer credit transaction, unless before or  
7 contemporaneously with signing any separate agreement of  
8 ~~obligation~~, or any writing setting forth the terms of the  
9 debtor's agreement, the ~~person~~ consumer receives a written  
10 notice conforming to the requirements of subsection 2 and  
11 the following notices required to be given to the debtor as  
12 applicable:

13       **Sec. 3. 9-A MRSA §3-206, sub-§1, ¶B**, as enacted by PL  
14 1981, c. 264, §1, is amended to read:

15       B. The material disclosures required under Article ~~VII~~  
16 VIII;

17       **Sec. 4. 9-A MRSA §3-206, sub-§2, ¶C**, as enacted by PL  
18 1981, c. 264, §1, is amended to read:

19       C. The Except for open-end credit the total of pay-  
20 ments and, if applicable, the fact that delinquency  
21 charges and other costs may also be assessed;

22       **Sec. 5. 9-A MRSA §3-206, sub-§2, ¶E**, as enacted by PL  
23 1981, c. 264, §1, is amended to read:

24       E. A statement informing the person of his right to a  
25 copy of the agreement of ~~obligation~~ that creates his  
26 obligation.

27       **Sec. 6. 9-A MRSA §3-206, sub-§4**, as enacted by PL  
28 1981, c. 264, §1, is amended to read:

29       4. Copy of agreement. A person entitled to notice  
30 under this section shall be given a copy of any writing  
31 setting forth the terms of the debtor's agreement and any  
32 separate agreement of ~~obligation~~ signed by the person enti-  
33 tled to the notice.

34       **Sec. 7. 9-A MRSA §3-206, sub-§6** is enacted to read:

35       6. Definition. For the purposes of this section,

