

# MAINE STATE LEGISLATURE

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DATE: 3-21-97

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**BANKING AND INSURANCE**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
118TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 554, L.D. 745, Bill, "An Act to Amend the Maine Consumer Credit Code"

Amend the bill by striking out all of section 2 and inserting in its place the following:

'Sec. 2. 9-A MRSA §3-308, sub-§4, as enacted by PL 1985, c. 113, §2, is amended to read:

4. A schedule of payments may require a final payment not substantially equal to all other periodic payments if the transaction is made for a term of not less than 4 years and if the contract evidencing the consumer credit transaction gives the consumer the right to refinance the amount of the final payment in order to fully amortize the obligation on terms at least as favorable, including, but not limited to, the rate of finance charge and periodic payment amount, as those specified in the original consumer credit transaction, in order to fully amortize the obligation then generally offered by the creditor, if the borrower satisfies reasonable credit standards and if the property satisfies reasonable loan to value standards. The administrator shall examine the reasonableness of standards during regular examinations and upon consumer complaint. At least 60 days but not more than 180 days prior to the maturity of the loan, the creditor must notify the consumer in writing of the maturity date and the amount due on the maturity date; and'

Further amend the bill by inserting at the end before the summary the following:

**COMMITTEE AMENDMENT**

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**FISCAL NOTE**

The Office of Consumer Credit Regulation and the Bureau of Banking within the Department of Professional and Financial Regulation will incur some minor additional costs to administer certain changes in late fee requirements under the Maine Consumer Credit Code. These costs can be absorbed within the office's existing budgeted resources.

Allowing certain refinancing of consumer loans will result in minor offsetting increases in dedicated revenue from volume fees and in administrative costs for the Office of Consumer Credit Regulation and the Bureau of Banking.'

**SUMMARY**

This amendment strikes section 2 of the bill and inserts a new section that authorizes the refinancing of the balloon payment portion of a consumer loan if the transaction is made for a term of not less than 4 years and if the contract evidencing the obligation gives the consumer the right to refinance the final payment on terms then offered by the creditor if the borrower satisfies reasonable credit standards and the property satisfies reasonable loan to value standards. It also adds a fiscal note to the bill.