

MAINE STATE LEGISLATURE

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R.O.S.

L.D. 614

DATE: 4-28-03

(Filing No. S-82)

INSURANCE AND FINANCIAL SERVICES

Reported by:

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STATE OF MAINE
SENATE
121ST LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 223, L.D. 614, Bill, "An Act To Provide Parity in Lending by State-chartered Financial Institutions"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 9-A MRSA §2-509, as enacted by PL 1973, c. 762, §1, is amended to read:

§2-509. Right to prepay

Subject to the provisions on rebate upon prepayment, section 2-510, the consumer may prepay in full the unpaid balance of a consumer credit transaction at any time without penalty, except for minimum charges as permitted by law. Notwithstanding any other provision of this Title, a reasonable charge may be assessed upon a consumer related to prepayment of a consumer loan made by a supervised financial organization and secured by an interest in land, other than a high-rate, high-fee mortgage, as defined in section 8-103, subsection 1, paragraph F-1, if the charge is reasonably calculated to offset the cost of origination of the loan. The administrator shall adopt rules to implement this section. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. 2. 9-B MRSA §429, sub-§§2 and 3, as repealed and replaced by PL 1983, c. 679, §2, are amended to read:

2. Payment of interest or dividends. Each mortgagee holding funds of a mortgagor in an a required escrow account on

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COMMITTEE AMENDMENT "A" to S.P. 223, L.D. 614

2 behalf of itself or another mortgagee for the payment of taxes or
insurance premiums with respect to mortgaged property located in
4 this State shall pay the mortgagor, at least quarterly, dividends
or interest on the account at a rate of not less than 3%-per-year
6 50% of the 1-year Treasury Bill rate, as published in a financial
newspaper of national circulation, as of the first business day
of the year in which the quarterly interest or dividend is paid.
8 The dividends or interest paid under this subsection may not be
reduced by any charge for service or maintenance of the account.

10
12 3. **Computing and crediting interest.** Under subsection 2,
interest shall must be computed on the daily balances in the
14 account from the date of receipt to the date of disbursement and
shall must be credited to the account as of the last business day
16 of each quarter of a calendar or fiscal year. If the such an
account is closed or discontinued before the last business day of
18 a quarter of a calendar or fiscal year, interest shall must be
computed and credited as of the day the account is closed or
20 discontinued. For the purposes of this--section calculating
interest under subsection 2, the mortgagee may take into account
22 debit balances resulting from advances and may elect to compute
interest on the basis of the actual number of days in each
24 quarter and year, or on the basis of a 30-day month and a 360-day
year. At least once a year, the mortgagee shall give the
26 mortgagor a statement showing the interest credited on the escrow
account during the period which that the statement covers.'

28
30 **SUMMARY**

32 This amendment replaces the bill. The amendment permits
state-chartered financial institutions and mortgage companies to
34 assess prepayment charges on mortgage loans except for
high-rate, high-fee mortgages. The amendment also requires the
36 Department of Professional and Financial Regulation, Office of
Consumer Credit Regulation and Bureau of Financial Institutions
38 to jointly adopt rules related to the ability of supervised
financial organizations to assess prepayment charges.

40 The amendment permits state-chartered financial institutions
to adjust interest rates on escrow accounts required by law. The
42 rate may not be less than 50% of the one-year Treasury Bill
interest rate. Under current law, the interest rate may not be
44 less than 3%.

46 The amendment removes section 3 of the bill.

48
50 **FISCAL NOTE REQUIRED**
(See attached)

COMMITTEE AMENDMENT

Approved: 04/22/03 *MAC*

**121st Maine Legislature
Office of Fiscal and Program Review**



LD 614

**An Act To Provide Parity in Lending by State-chartered Financial
Institutions**

LR 0926(02)

Fiscal Note for Bill as Amended by Committee Amendment "A" S - 82
Committee: Insurance and Financial Services

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

Any additional costs to the Department of Professional and Financial Regulation in implementing this bill can be absorbed by the Department utilizing existing resources.