

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 1416

H.P. 980

House of Representatives, March 22, 2005

An Act To Amend the Maine Consumer Credit Code

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative FARRINGTON of Gorham. (GOVERNOR'S BILL)
Cosponsored by Senator WESTON of Waldo and
Representatives: BOWLES of Sanford, BRAUTIGAM of Falmouth, BRYANT-DESCHENES
of Turner, CANAVAN of Waterville, GLYNN of South Portland, MILLS of Farmington,
Senators: PERRY of Penobscot, SNOWE-MELLO of Androscoggin.

2 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 9-A MRSA §1-201, sub-§10** is enacted to read:

6 10. Notwithstanding any other provision of law, this Act
8 applies to any person offering, arranging or purporting to offer
10 or arrange consumer credit transactions if that person claims to
12 be located in this State or claims to possess a Maine license or
14 registration issued pursuant to this Act.

16 **Sec. 2. 9-A MRSA §6-201**, as amended by PL 2001, c. 371, §5,
18 is further amended to read:

20 **§6-201. Applicability**

22 This Part applies to a person engaged in this State in
24 entering into consumer credit transactions and to a person having
26 an office or place of business in this State who takes
28 assignments of and or undertakes direct collection of payments
30 from or enforcement of rights against debtors arising from these
32 transactions. In addition, this Part applies to a person,
34 wherever located, who takes assignments of and or undertakes
36 direct collection of payments from or enforcement of rights
38 against debtors arising from a consumer credit ~~sale-of-a-meter~~
40 vehiele transaction subject to this Title. This Part also
42 applies to a person, other than a supervised financial
44 organization, wherever located, who takes assignments of and or
46 undertakes direct collection of payments from or enforcement of
rights against debtors arising from a consumer credit transaction
subject to Article IX 9.

32 **Sec. 3. 9-A MRSA §§9-305-A and 9-305-B** are enacted to read:

34 **§9-305-A. Timely payments from escrow**

36 A creditor, assignee or servicer that holds or controls
38 funds of a consumer in an escrow account for the payment of taxes
40 or insurance premiums shall make timely payments from that escrow
42 account for a consumer credit transaction secured by a mortgage
44 on real estate. A creditor, assignee or servicer is liable to
46 the consumer for actual damages resulting from failure to make
timely payments from that escrow account. The creditor, assignee
or servicer shall also rectify the results of a failure to make
timely payments, including causing corrections of the consumer's
credit report and causing the discharge of any liens against the
consumer's real estate.

48 **§9-305-B. Timely responses to requests for payoff figures**

2 A creditor, assignee or servicer shall respond to a request
3 for a payoff figure within 3 business days following receipt of
4 such a request from a consumer or an agent of the consumer for a
5 consumer credit transaction secured by a mortgage on real
6 estate. The response must include a precise payoff figure as of
7 a date certain and must contain information permitting the
8 consumer or the consumer's agent to update that figure, such as
9 providing a per diem rate from a date certain. A charge may not
10 be assessed for the first 2 requests in any calendar year, and a
11 charge for each subsequent request may not exceed \$5.

12

SUMMARY

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15 This bill makes several changes to the Maine Consumer Credit
16 Code. It requires that mortgage lenders, assignees and mortgage
17 servicers:

18

19 1. Use due care to ensure payment of taxes and insurance
20 from consumer escrow accounts; and

22

21 2. Respond promptly to requests for payoff amounts on
22 existing loans.

24

25 The bill also increases the ability of the State to regulate
26 fraudulent advertising that contains misinformation reflecting
27 negatively on this State and its legitimate lenders. Finally, it
28 extends Maine Consumer Credit Code registration requirements to
29 purchasers, including assignees, or servicers of all types of
30 consumer credit transactions, including sales, loans and leases,
31 so that consumer complaints resulting from that servicing can be
32 promptly addressed.