

MAINE STATE LEGISLATURE

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126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

Legislative Document

No. 393

H.P. 268

House of Representatives, February 12, 2013

An Act To Cap Interest Rates and Finance Charges on Credit and Loans

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

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative BROOKS of Winterport.
Cosponsored by Senator GRATWICK of Penobscot and
Representatives: DAUGHTRY of Brunswick, DION of Portland, FARNSWORTH of Portland,
PETERSON of Rumford, PRIEST of Brunswick, STUCKEY of Portland, VEROW of Brewer,
WELSH of Rockport.

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

2 **Sec. 1. 9-A MRSA §2-201, sub-§2**, as amended by PL 1997, c. 727, Pt. B, §3, is
3 further amended to read:

4 2. The finance charge, calculated according to the actuarial method, may not exceed
5 ~~the equivalent of the greater of either of the following: 18% per year on the unpaid~~
6 balance of the amount financed.

7 ~~A. The total of:~~

8 ~~(i) 30% per year on that part of the unpaid balances of the amount financed that~~
9 ~~is \$1,000 or less;~~

10 ~~(ii) 21% per year on that part of the unpaid balances of the amount financed that~~
11 ~~is more than \$1,000 but does not exceed \$2,800; and~~

12 ~~(iii) 15% per year on that part of the unpaid balances of the amount financed that~~
13 ~~is more than \$2,800; or~~

14 ~~B. 18% per year on the unpaid balances of the amount financed.~~

15 **Sec. 2. 9-A MRSA §2-202, sub-§7**, as amended by PL 2011, c. 427, Pt. A, §5, is
16 further amended to read:

17 7. Unless otherwise provided for in Article 8-A, with respect to consumer credit
18 sales made pursuant to a credit card, other than a lender credit card, a creditor may not
19 impose a finance charge ~~if it that~~ is in excess of ~~that set forth in the agreement between~~
20 ~~the consumer and the creditor~~ 18% per year on the entire amount financed.

21 **Sec. 3. 9-A MRSA §2-401, sub-§2**, as amended by PL 1997, c. 727, Pt. B, §10,
22 is further amended to read:

23 2. With respect to a consumer loan, other than a loan pursuant to open-end credit, a
24 lender may not contract for and receive a finance charge calculated according to the
25 actuarial method, ~~not exceeding the equivalent of the following: in excess of 18% per~~
26 year on the entire amount financed.

27 ~~A. The total of:~~

28 ~~(i) 30% per year on that part of the unpaid balances of the amount financed that~~
29 ~~is \$2,000 or less;~~

30 ~~(ii) 24% per year on that part of the unpaid balances of the amount financed that~~
31 ~~is more than \$2,000 but does not exceed \$4,000; and~~

32 ~~(iii) 18% per year on that part of the unpaid balances of the amount financed that~~
33 ~~is more than \$4,000.~~

34 ~~Notwithstanding paragraph A, with respect to a consumer loan in which the amount~~
35 ~~financed exceeds \$8,000, a lender may not contract for and receive a finance charge~~
36 ~~calculated according to the actuarial method in excess of 18% per year on the entire~~
37 ~~amount of the loan.~~

1 **Sec. 4. 9-A MRSA §2-402, sub-§5**, as amended by PL 2011, c. 427, Pt. A, §6, is
2 further amended to read:

3 **5.** Unless otherwise provided for in Article 8-A, with respect to loans made
4 pursuant to a lender credit card, a creditor may not impose a finance charge ~~if it~~ that is in
5 excess of ~~that set forth in the agreement between the consumer and the creditor~~ 18% per
6 year. This subsection does not apply to open-end credit plans secured by a consumer's
7 principal dwelling or by a 2nd or vacation home of the consumer.

8 **Sec. 5. 9-A MRSA §2-601**, as enacted by PL 1973, c. 762, §1, is amended to read:

9 **§2-601. Finance charge for other credit transactions**

10 Except where otherwise provided by law with respect to a credit transaction other
11 than a consumer credit transaction, the parties may not contract for the payment by the
12 debtor of any finance charge that is in excess of 18% per year on the entire amount
13 financed.

14 **SUMMARY**

15 This bill limits the maximum interest rates and finance charges charged on consumer
16 credit and consumer loans to 18%.