

# MAINE STATE LEGISLATURE

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CHAPTER 325  
INSTALLMENT CONTRACTS

Sec.

- 3481. Requirements and prohibitions.
- 3482. Finance charge limitations.
- 3483. Prepayment without penalty.
- 3484. Extension of contract.

**§ 3481. Requirements and prohibitions**

**1. General requirements.**

**A.** A retail installment contract shall be in writing, shall be signed by both the buyer and the seller and shall be completed as to all essential provisions or by memorandum as provided in subsection 6 prior to the signing of the contract by the buyer.

**B.** The printed portion of the contract, other than instructions for completion, shall be in at least 8 point type. The contract shall contain in a size equal to at least 10 point bold type:

(1) A specific statement that liability insurance coverage for bodily injury and property damage caused to others is not included, if that is the case; and

(2) The following notice: "Notice to the Buyer: 1. Read this contract before signing. 2. You are entitled to an exact copy of the contract you sign."

**C.** The seller shall deliver to the buyer or mail to him at his address shown on the contract, a copy of the contract signed by the seller. Until the seller does so, a buyer who has not received delivery of the motor vehicle shall have the right to rescind his agreement and to receive a refund of all payments made and return of all goods traded in to the seller on account of or in contemplation of the contract, or if such goods cannot be returned, the value thereof. Any acknowledgment by the buyer of delivery of a copy of the contract shall be in a size equal to at least 10 point bold type and, if contained in the contract, shall appear directly above the buyer's signature.

**D.** The contract shall contain the names of the seller and the buyer, the place of business of the seller, the legal residence or place of business of the buyer as specified by the

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buyer and a description of the motor vehicle including its make, year model, model and identification numbers or marks.

**2. Contract items.** The contract shall contain the following:

- A.** The cash sale price of the motor vehicle;
- B.** The amount of the buyer's down payment, and whether made in money or goods, or partly in money and partly in goods;
- C.** The difference between paragraphs A and B;
- D.** The amount, if any, included for insurance and other benefits specifying the types of coverage and benefits, unless such amount is included in the finance charge;
- E.** The amount of documentary fees;
- F.** The principal balance, which is the sum of paragraphs C, D and E;
- G.** The amount of the finance charge and specification of the type of insurance coverage and benefits, if included therein;
- H.** The time balance, which is the sum of paragraphs F and G, payable in installments by the buyer to the seller, the number of installments, the amount of each installment and the due date or period thereof.

The paragraphs in this subsection need not be stated in the sequence or order set forth. Additional paragraphs may be included to explain the calculations involved in determining the stated time balance to be paid by the buyer.

**3. Insurance.** The amount, if any, included for insurance, which may be purchased by the holder of the retail installment contract, shall not exceed the applicable premiums chargeable in accordance with the rates filed with the Insurance Commissioner. If dual interest insurance on the motor vehicle is purchased by the holder he shall, within 30 days after execution of the retail installment contract, send or cause to be sent to the buyer a policy or policies or certificate of insurance, written by an insurance company authorized to do business in this State, clearly setting forth the amount of the premium, the kind or kinds of insurance, the coverages and all the terms, exceptions, limitations, restrictions and conditions of the contract or contracts of insurance. The buyer shall have the privilege of purchasing such insurance from an agent or broker of his own selection and of selecting an

insurance company acceptable to the holder, but in such case the inclusion of the insurance premium in the retail installment contract shall be optional with the seller.

**4. Cancelled insurance.** If any insurance is cancelled, unearned insurance premium refunds received by the holder shall be credited to the final maturing installments of the contract except to the extent applied toward payment for similar insurance protecting the interests of the buyer and the holder or either of them.

**5. Delinquency and collection charge.** The holder may, if the contract so provides, collect a delinquency and collection charge on each installment in default for a period not less than 10 days in an amount not in excess of 5% of each installment or 6% per annum on the total unpaid balance, whichever is greater. In addition to such delinquency and collection charge, the contract may provide for the payment of reasonable attorneys' fees where such contract is referred for collection to an attorney not a salaried employee of the holder of the contract plus the court costs.

**6. Blank spaces; recording instrument; buyer's acknowledgment.** No retail installment contract shall be signed by any party thereto when it contains blank spaces to be filled in after it has been signed except that, if delivery of the motor vehicle is not made at the time of the execution of the contract, the identifying numbers or marks of the motor vehicle or similar information, and the due date of the first installment may be inserted in the contract after its execution; and except that said contract may be so signed provided the buyer is given at the time of such execution a bill of sale, invoice or similar memorandum clearly indicating the sales price, down payment, type or types of insurance coverage and the number, period and amount of payments; and provided said contract when completed conforms with said bill of sale, invoice or memorandum, and a copy of said contract is delivered to said buyer. The instrument for recording purposes shall be the financing statement, as provided by Title 11, section 9-402. The buyer's written acknowledgment, conforming to the requirements of subsection 1, paragraph C, of delivery of a copy of a contract shall be conclusive proof of such delivery, that the contract when signed did not contain any blank spaces except as provided, and of compliance with this section in any action or proceeding by or against the seller or the holder of the contract.

1963, c. 362, § 20.

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**7. Statements and receipts to buyer.** Upon written request from the buyer at reasonable intervals, the holder of a retail installment contract shall give or forward to the buyer a written statement of the dates and amounts of payments and the total amount unpaid under such contract. A buyer shall be given a written or stamped receipt for any payment when made in cash.

**8. Relieving seller's liability.** No provision in a retail installment contract relieving the seller from liability for any legal remedies which the buyer may have under chapters 321 to 327 against the seller under the contract, or any separate instrument executed in connection therewith, shall be enforceable.

1957, c. 386, § 1; 1963, c. 362, § 20.

**§ 3482. Finance charge limitations**

**1. Maximum charges.** Notwithstanding any other law, the finance charge shall not exceed the following rates:

**Group 1.** Any new motor vehicle designated by the manufacturer by a year model not earlier than the year in which the sale is made, \$7 per \$100 per year;

**Group 2.** Any new motor vehicle not in class 1 and any used motor vehicle designated by the manufacturer by a year model of the same or not more than 3 years prior to the year in which the sale is made, \$11 per \$100 per year;

**Group 3.** Any used motor vehicle not in class 2, \$13 per \$100 per year.

**2. Computation; minimum charge.** Such finance charge shall be computed on the principal balance as determined under section 3481, subsection 2, on contracts payable in successive monthly payments substantially equal in amount. Such finance charge may be computed on the basis of a full month for any fractional month period in excess of 10 days. A minimum finance charge of \$25 may be charged on any retail installment transaction.

**3. Unequal or irregular payments.** When a retail installment contract provides for unequal or irregular installment payments, the finance charge may be at the effective rates permitted in subsection 1, having due regard for the schedule of payments.

**4. Purchase of contracts by sales finance companies.** Nothing in this section shall be deemed to regulate the terms and conditions of any purchase, acquisition or agreement to purchase or acquire or any sales contract by any sales finance company from any seller. (1963, c. 362, § 21.)

1957, c. 386, § 1; 1963, c. 362, § 21.

### § 3483. Prepayment without penalty

Notwithstanding any retail installment contract to the contrary, any buyer may pay in full at any time before maturity the debt of any retail installment contract and in so paying such debt shall receive a refund credit thereon for such anticipation of payments. The amount of such refund shall represent at least as great a proportion of the finance charge after first deducting from such finance charge an acquisition cost of \$25, as the sum of the monthly time balances after the month in which prepayment is made, bears to the sum of all the monthly time balances under the schedule of payments in the contract. Where the amount of credit is less than \$1 no refund need be made.

1957, c. 386, § 1.

### § 3484. Extension of contract

At the request of the buyer, the holder of a retail installment contract may extend the scheduled due date of all or a part of any installment or installments and in consideration thereof may contract for and receive from the buyer a finance charge, computed on the sums extended for the period of the extension, at an effective annual rate not in excess of that charged in the original contract, plus documentary fees expended incidental to the extension and the cost of continuing over the period of the extension insurance coverage and other benefits provided in the original contract.

If the extension is made by agreement to refinance the unpaid balance of the original contract and provide a new schedule of payments, the holder may contract for and receive from the buyer in consideration thereof a finance charge, at an annual effective rate not in excess of that charged in the original contract, computed on the sum of the unpaid time balance of the original contract, plus delinquency and collection charges accrued, documentary fees expended incidental to the extension and the cost of continuing over the period of the extension insurance coverage and other benefits provided in the original contract;

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but after deduction of a refund credit on the original contract of not less than that to which the buyer would be entitled under section 3483 had he prepaid in full, except that the holder shall not be allowed the acquisition cost of \$25. The buyer shall be furnished a copy of such an agreement, signed by the parties thereto, containing the description and amount of each item above used in the computation of the new time balance, the new time balance and the new schedule of payments.

1957, c. 386, § 1; 1959, c. 79.