

# MAINE STATE LEGISLATURE

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Mail Loans by Small Loan Licensees

**FACTS:**

A small loan licensee desires to open a mail order business within the state. The company would mail a note to a person who would date and sign the note. He would mail the note to the company who would process it and mail a check to the borrower. A limit of \$400 is proposed by the company. Interest would begin approximately five days from date of the note subject to extension if the company noted a delay in receiving the note.

**QUESTION:**

Does the law relating to licensed small loan agencies prohibit such licensees from making loans by mail to residents of this state?

**ANSWER:**

Yes.

**OPINION:**

The making of loans under \$2500 is governed by chapter 59, sections 210-227. A careful reading of these sections clearly indicates the legislative intent to tightly control this activity.

In section 210 it is stated that the "application for such license shall be in writing . . . with street and number, if any, where the business is to be conducted." Section 213 provides:

"No person, copartnership or corporation licensed under the provisions of section 211 shall make any loan or transact any business provided for by sections 210 to 227, inclusive, under any other name or at any other place of business than that named in the license. Nor more than 1 office or place of business shall be maintained under the same license, but the bank commissioner may issue more than 1 license to the same person upon the payment of an additional license fee and filing of an additional bond, for each license. In case of the removal of a licensee, he shall at

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once give written notice thereof to the bank commissioner, who shall attach to the license his consent in writing to the removal."

Also, section 215 relative to annual reports to be made by the licensees speaks of such reports "for each licensed place of business conducted by such licensee within the state. " A further provision states: "In the event any person or corporation holds more than one license in the state, a composite annual report, covering all such licensed offices, may be filed."

The foregoing quotations indicate clearly the legislative intent that all loans by a small loan licensee shall be made at the place of business stated in the license. There is nothing in sections 210 to 227 to indicate any relaxation of this conclusion.

Hence, it follows that loans by mail are not permitted by small loan licensees in this state.

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