

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND THIRD LEGISLATURE

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Legislative Document

No. 986

S. P. 373

In Senate, February 21, 1967

Referred to Committee on Business Legislation. Sent down for concurrence and ordered printed.

JERROLD B. SPEERS, Secretary

Presented by Senator Mills of Franklin.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SIXTY-SEVEN

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**AN ACT Reducing Maximum Amount and Duration of Small Loans and  
Establishing Equitable Rates for Small Loan Agencies.**

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

**Sec. 1. R. S., T. 9, § 3001, repealed and replaced.** Section 3001 of Title 9 of the Revised Statutes is repealed and the following enacted in place thereof :

**§ 3001. Compliance required**

Any loan of the amount of \$1,000 or less, for which a greater rate of interest, consideration or charge than is permitted by chapters 281 to 289, has been charged, contracted for, or received, wherever made, shall be void and the lender shall have no right to collect or receive any principal, interest or charges whatsoever. Every person in anywise participating therein in this State shall be subject to chapters 281 to 289. The foregoing shall not apply to loans legally made in any state to a person who is at that time a resident of that state, which has in effect a regulatory small loan law similar in principle to chapters 281 to 289. Any mail order loan made to a person residing in this State shall be governed by chapters 281 to 289.

**Sec. 2.—R. S., T. 9, § 3002, amended.** The first sentence of section 3002 of Title 9 of the Revised Statutes is amended to read as follows :

No person, corporation or partnership shall engage within this State in the business of acting as the agent or attorney of nonresident borrowers of money in sums of ~~\$2,500~~ \$1,000 or less, with intent to evade the usury laws in force in the foreign state or territory in which the actual borrower has his residence when such loan, or any contract in connection therewith, is made.

**Sec. 3. R. S., T. 9, § 3004, amended.** Section 3004 of Title 9 of the Revised Statutes is amended to read as follows:

**§ 3004. False statements**

In the soliciting of loans in any manner or advertising the business in any manner, no person, copartnership or corporation licensed under section 3042 shall print, publish, broadcast, telecast or cause to be printed, published, broadcast, telecast or distributed in any manner whatsoever, any written or printed statement with regard to the rates, terms or conditions for the lending of money, credit, goods or choses in action, in amounts of ~~\$2,500~~ \$1,000 or less, which is false, misleading or deceptive.

**Sec. 4. R. S., T. 9, § 3005, amended.** Section 3005 of Title 9 of the Revised Statutes is amended to read as follows:

**§ 3005. Exceptions**

Chapters 281 to 289 shall not apply to any person, copartnership or corporation doing business under any law of this State or of the United States relating to national banks, savings banks, ~~industrial banks~~, trust companies or loan and building associations.

**Sec. 5. R. S., T. 9, § 3041, amended.** The first sentence of section 3041 of Title 9 of the Revised Statutes, as amended by section 1 of chapter 205 of the public laws of 1965, is further amended to read as follows:

No person, copartnership or corporation shall engage in the business of making any loan of money, credit, goods or choses in action in the amount or to the value of ~~\$2,500~~ \$1,000 or less, whether secured or unsecured, and charge, contract for or receive a greater rate of interest than 12% per year therefor, said interest rate to be computed on the basis of what is known as a true interest rate, without first obtaining a license from the commissioner.

**Sec. 6. R. S., T. 9, § 3081, repealed and replaced.** Section 3081 of Title 9 of the Revised Statutes is repealed and the following enacted in place thereof:

**§ 3081. Amount of loan and interest rate**

Every person, copartnership and corporation licensed under chapters 281 to 289 may loan any sum of money, goods or choses in action not exceeding in amount or value the sum of \$1,000, any lower limitation of amount in its charter notwithstanding, and may charge, contract for and receive thereon interest at a rate not to exceed 2½% per month on that part of the unpaid principal balance of any loan not in excess of \$150, 2% per month on that part of the unpaid principal balance in excess of \$150, but not exceeding \$300, and 1½% per month on any remainder of such unpaid principal balance. A minimum charge of not exceeding 25c shall be allowable in all cases. No person shall owe any licensee at any time more than \$1,000 for principal. No contract of loan made under chapters 281 to 289 shall provide for a greater rate than 6% per year simple interest on the principal balance remaining unpaid at the expiration of 36 months on the original loan, including any additional amounts borrowed, any renewal, refinancing or extension of the contract made within such period;

**and thereafter, such unpaid principal balance shall not be directly or indirectly renewed or refinanced by the lender who made such loan, nor shall such lender grant any additional loan to any such borrower until such unpaid balance has been paid in full.**

**Sec. 7. R. S., T. 9, § 3086, amended.** The first sentence of section 3086 of Title 9 of the Revised Statutes, as amended by section 2 of chapter 205 of the public laws of 1965, is further amended to read as follows:

No person, copartnership or corporation, except as authorized by chapters 281 to 289, shall, directly or indirectly, charge, contract for or receive any interest or consideration greater than 12% per year, said interest rate to be computed on the basis of what is known as a true interest rate, upon the loan, use or forbearance of money, goods or choses in action, or upon the loan, use or sale of credit, of the amount or value of ~~\$2,500~~ **\$1,000** or less.