

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 1129

S. P. 383

In Senate, March 1, 1973

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

HARRY N. STARBRANCH, Secretary

Presented by Senator Brennan of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

AN ACT Clarifying Interest Charges on Personal Loans in Excess of \$2,000.

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

R. S., T. 9, § 229, amended. Section 229 of Title 9 of the Revised Statutes, as enacted by chapter 421 of the public laws of 1967, is amended to read as follows:

§ 229. Maximum legal interest rate on personal loans in excess of \$2,000

No person, copartnership or corporation shall, directly or indirectly, charge, contract for or receive any interest or consideration greater than 16% per year simple interest upon the nonbusiness or personal loan, use or forbearance of money, goods, ~~or choses in action, or upon the nonbusiness or personal loan~~ use or sale of credit, of ~~the amount or value more than in excess of \$2,000.~~

Any such loan of ~~the amount in excess of more than \$2,000,~~ for which a greater rate of interest, consideration or charges than is permitted by this section 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. In any case in which it is found that a lender has violated this section, the court shall award reasonable attorneys' fees incurred by the borrower.

This section shall not apply to the Motor Vehicle Sales Finance Act, Title 9, chapters 321 to 327, as amended, Home Repair Financing Act, Title 9, chapter 360 and the financing of retail sales by the seller.

No person, copartnership or corporation shall induce or permit any borrower or borrowers to split up or divide any loan, and all sums owed by any person at any one time directly or contingently shall be considered as one

contract of loan for the purpose of computing the interest payable thereon. No person, copartnership or corporation shall induce or permit any person, nor any husband and wife, jointly or severally, to become obligated, directly or contingently or both, under more than one contract of loan at the same time, for the purpose or with the result of obtaining a higher rate of interest, than would otherwise be permitted by this section.

STATEMENT OF FACT

This proposed revision is intended to clarify the Legislature's original objective of having the maximum rate of interest apply to the entire portion of a personal loan of more than \$2,000, rather than just to the portion of that loan which is in excess of \$2,000. Additionally, this proposal prohibits the splitting or dividing of loans to the same person, or husband and wife, in order to eliminate an easy evasion of the maximum rate limitation.