

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND SEVENTH LEGISLATURE

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Legislative Document

No. 684

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S. P. 198

In Senate, February 18, 1975

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

HARRY N. STARBRANCH, Secretary

Presented by Senator Thomas of Kennebec.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-FIVE

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AN ACT Relating to Deferral Charges under the Maine Consumer Credit Code.

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

9-A MRSA § 2-503, as enacted by PL 1973, c. 762, § 1, is repealed and the following enacted in place thereof:

§ 2-503. Deferral charges

As used in this section and in section 2-510, unless the context otherwise indicates, the following terms applying with respect to a precomputed consumer credit transaction shall have the following meanings:

1. Computational period. "Computational period" means the interval between scheduled due dates of instalments under the transaction if the intervals are substantially equal, or if the intervals are not substantially equal, one month if the smallest interval between the scheduled due dates of instalments under the transaction is one month or more, and otherwise one week.

2. Deferral. "Deferral" means a postponement of the scheduled due date of an instalment as originally scheduled or as previously deferred.

3. Deferral period. "Deferral period" means a period in which no instalment is scheduled to be paid by reason of a deferral.

4. Interval. The "interval" between specified dates means the interval between them including one or the other but not both of them; if the interval between the date of a transaction and the due date of the first scheduled instalment does not exceed one month by more than 15 days when the compu-

tational period is one month, or does not exceed 11 days when the computational period is one week, the interval may be considered by the creditor as one computational period.

5. Periodic balance. "Periodic balance" means the amount scheduled to be outstanding on the last day of a computational period before deducting the instalment, if any, scheduled to be paid on that day.

6. Standard deferral. "Standard deferral" means a deferral with respect to a transaction made as of the due date of an instalment as scheduled before the deferral by which the due dates of that instalment and all subsequent instalments as scheduled before the deferral are deferred for a period equal to the deferral period. A standard deferral may be for one or more full computational periods or a portion of one computational period or a combination of any of these.

7. Sum of the balances method. "Sum of the balances method," also known as the "Rule of 78," means a method employed with respect to a transaction to determine the portion of the finance charge attributable to a period of time before the scheduled due date of the final instalment of the transaction. The amount so attributable is determined by multiplying the finance charge by a fraction, the numerator of which is the sum of the periodic balances included within the period and the denominator of which is the sum of all periodic balances under the transaction. According to the sum of the balances method, the portion of the finance charge attributable to a specified computational period is the difference between the portions of the finance charge attributable to the period of time including and excluding, respectively, the computational period, both determined according to the sum of the balances method.

8. Transaction. "Transaction" means a precomputed consumer credit transaction, unless the context otherwise requires.

9. Agreement to a deferral. Before or after default in payment of a scheduled instalment of a transaction, the parties to the transaction may agree in writing to a deferral of all or part of one or more unpaid instalments and the creditor may make at the time of deferral and receive at that time or at any time thereafter a deferral charge not exceeding that provided in this section.

10. Standard deferral. A standard deferral may be made with respect to a transaction as of the due date, as originally scheduled or as deferred pursuant to a standard deferral, of an instalment with respect to which no delinquency charge, section 2-502, has been made or, if made, is deducted from the deferral charge computed according to this subsection. The deferral charge for a standard deferral may equal but not exceed the portion of the finance charge attributable to the computational period immediately preceding the due date of the earliest maturing instalment deferred as determined according to the sum of the balances method multiplied by the whole or fractional number of computational periods in the deferral period, counting each day as  $\frac{1}{30}$ th of a month without regard to differences in lengths of months when the computational period is one month or as  $\frac{1}{7}$ th of a week when the computational period is one week. A deferral charge computed according to

this subsection is earned pro rata during the deferral period and is fully earned on the last day of the deferral period.

11. Deferral charge other than a standard deferral charge. With respect to a transaction as to which a creditor elects not to make and does not make a standard deferral or a deferral charge for a standard deferral, a deferral charge computed according to this subsection may be made as of the due date, as scheduled originally or as deferred pursuant to either subsection 10 or this subsection, of an instalment with respect to which no delinquency charge, section 2-502, has been made or, if made, is deducted from the deferral charge computed according to this subsection. A deferral charge pursuant to this subsection may equal but not exceed the rate of finance charge required to be disclosed to the consumer pursuant to law applied to each amount deferred for the period for which it is deferred computed without regard to differences in lengths of months, but proportionately for a part of a month, counting each day as  $1/30$ th of a month or as  $1/7$  of a week. A deferral charge computed according to this subsection is earned pro rata with respect to each amount deferred during the period for which it is deferred.

12. Additional charges. In addition to the deferral charge permitted by this section, a creditor may make and receive appropriate additional charges, section 2-501, and any amount of these charges which is not paid may be added to the deferral charge computed according to subsection 10 or to the amount deferred for the purpose of computing the deferral charge computed according to subsection 11.

13. Unilateral grant of deferral by creditor. The parties may agree in writing at the time of a transaction that, if an instalment is not paid within 10 days after its due date, the creditor may unilaterally grant a deferral and make charges as provided in this section. A deferral charge may not be made for a period after the date that the creditor elects to accelerate the maturity of the transaction.

#### STATEMENT OF FACT

This bill substitutes the final version of the Uniform Consumer Credit Code for the provisions in the Maine Code that came from an earlier version of the Uniform Code.