

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
107TH LEGISLATURE

COMMITTEE AMENDMENT " A " to H.P. 600, L.D.743,  
Bill, "AN ACT Prohibiting Increase of Finance  
Charges on Outstanding Balances of Open-End  
Accounts under the Consumer Credit Code."

Amend said Bill by striking out everything  
after the enacting clause and before the emergency  
clause and inserting in place thereof the  
following:

'9-A MRSA §3-204, sub-§2, as enacted by PL  
1973, c. 762, §1, is amended to read:

2. A creditor may change the terms of an  
open-end credit account whether or not the change  
is authorized by prior agreement. Except as  
provided in subsection 3, the lender creditor shall  
give to the consumer written notice of any change  
of terms relating to penalties, interest or other  
charges at least 3 times, with the first notice at  
least 3 months before the effective date of the  
change. Any change of terms which would increase  
any penalty, interest or other charges may not  
affect outstanding balances incurred prior to the  
effective date of any such change unless:

A. The creditor includes in the above  
described notice of change an offer to finance  
by a separate loan arrangement the outstanding  
unpaid balance as of the effective date of  
such change at the same rate of interest with  
the same repayment schedule as applies to such  
open-end credit account;

B. The consumer may accept such offer of said  
separate loan arrangement with respect to the  
then existing unpaid balance anytime prior to  
30 days before the change is to become  
effective;

C. The creditor has legal authority to make  
such a loan;

D. No minimum finance charge is assessed nor

prepayment penalty charged on such loan.'

Statement of Fact

The purpose of this amendment is to require creditors to give consumers the choice of entering a separate closed-end account to pay off existing balances in open-end accounts at the original rate when the creditor sends a notice that the rate will be increased on open-end accounts. This will prevent keeping 2 entries on the same open-end accounts, which would have happened under the bill in its original form.

Reported by the Committee on Business Legislation.

Reproduced and distributed under the direction of the Clerk of the House.

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