

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
107TH LEGISLATURE

COMMITTEE AMENDMENT " A " to H.P. 606, L.D. 749, Bill, "AN ACT to Repeal Exclusions Granted under the Consumer Credit Code to Certain Loans Made by Supervised Financial Institutions."

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

'9-A MRSA §1-202, sub-§7, as enacted by PL 1973, c. 762, §1, is repealed and the following enacted in place thereof:

7. A loan made by a supervised financial organization when the loan is a low interest educational loan made for the purpose of financing expenses related to the borrower's attendance at an institution of post-secondary education, and on which the finance charge does not exceed 7 1/2% per year on the unpaid balances of the amount financed or such finance charge in excess thereof as the United States Secretary of Health, Education and Welfare shall from time to time establish, and which is insured, guaranteed or subsidized by the Federal Government or a state or by a nonprofit private loan guaranty organization; or

8. A loan made by a supervised financial organization when the loan is secured by a first mortgage on real estate and the security interest in real estate is not made for the purpose of circumventing or evading this Act. Such exemption shall not apply to loans involving mobile homes. For the purposes of this subsection, "mobile home" shall mean a structure, transportable in one or more sections, which is 8 body feet or more in width and is 32 body feet or more in length, and which is built on a permanent chassis and designed to be used as a dwelling with or without permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning and electrical systems

contained therein.'

Statement of Fact

The amendment, instead of repealing the exclusion for first mortgages, modifies it by stating that it shall not apply to first mortgages involving mobile homes when the interest rate is greater than 12 1/4%, the kind of transaction that requires the protection of the code.

The amendment also modifies the exclusion for federally insured student loans by stating it correctly in the present manner in which such programs operate. This part of the amendment incorporates provisions of another bill, L. D. 1288, sponsored by Senator Katz, since both bills involved the same subsection of the code.

Reported by the Committee on Business Legislation.

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