

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 749

H. P. 606

House of Representative, February 21, 1975

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

EDWIN H. PERT, Clerk

Presented by Mrs. Clark of Freeport.

Cosponsor: Mrs. Boudreau of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

**AN ACT to Repeal Exclusions Granted under the Consumer Credit Code to
Certain Loans Made by Supervised Financial Institutions.**

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

9-A MRSA § 1-202, sub-§ 7, as enacted by PL 1973, c. 762, § 1, is repealed.

STATEMENT OF FACT

This bill repeals the exclusions granted to loans made by supervised financial organizations when the loan is secured by a first mortgage on real estate and to certain federally insured student loans.

Of the 9 states which have enacted the Consumer Credit Code only Maine has provided creditors with an additional exclusion for **all** loans made by supervised financial organizations when the loan is secured by a first mortgage on real estate, regardless of the rate of the finance charge.

With the present exemption, mortgages for mobile homes and recreational property with finance charges of between 13% and 18% (annual percentage rate) would be excluded from the consumer safeguards provided by the Maine Consumer Credit Code.

With the repeal of this exclusion the code would still provide an exemption for all loans secured by an interest in real estate where the finance charge does not exceed 12¼%. This exemption is suggested by the Uniform Commissioners and is in effect in the 8 other states which have enacted the code.

Additional legislation will be proposed to properly treat the federally insured student loans contained in this exclusion.