

MAINE STATE LEGISLATURE

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(EMERGENCY)

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 1343

H. P. 1063

House of Representatives, March 24, 1975

On Motion of Mrs. Clark of Freeport, referred to Committee on Business Legislation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mrs. Clark of Freeport.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

AN ACT to Amend the Maine Consumer Credit Code as it Relates to the Refinancing of Single Payment Loans Granted by Supervised Financial Organizations.

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, section 2-504 of the Maine Consumer Credit Code is in direct conflict with federal regulations that require a minimum 2% "spread" on loans made by financial institutions where the loans are secured by a time deposit, thus requiring the institution to periodically increase the loan rate as the savings rate increases although section 2-504 only authorizes a $\frac{1}{4}\%$ increase on a refinanced transaction, creating a major obstacle in the renewal of these loans; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

9-A MRSA § 2-504, sub-§ 3 is enacted to read:

3. This section shall not apply to a loan made by a supervised financial organization, the principal amount of which is payable in a single payment, provided:

A. The rate or rates charged or contracted for in the original agreement and stated to the consumer pursuant to the provisions on disclosure does not exceed $12\frac{1}{4}\%$; and

B. The rate or rates charged or contracted for in any refinancing of the original agreement does not exceed $12\frac{1}{4}\%$.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

STATEMENT OF FACT

This emergency measure is endorsed by the Bureau of Consumer Protection. The bill is intended to avoid a restriction of consumer credit which would be caused by the application of the Consumer Credit Code to the refinancing of single payment notes where the rate charged is $12\frac{1}{4}\%$ or less.