

MAINE STATE LEGISLATURE

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(EMERGENCY)

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 1941

H. P. 1722

House of Representatives, June 17, 1975

Approved for introduction by a Majority of the Committee on Reference of Bills pursuant to Joint Rule 10. Read twice under suspension of rules and passed to be engrossed. 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 Relating to the State Truth-in-Lending Act.

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

Whereas, it was legislative intent when the State Truth-in-Lending Act was enacted in 1969, that the state law shall require disclosure of items of information substantially similar to the requirements of any applicable federal law; and

Whereas, several amendments were made to the Federal Truth-in-Lending Act in October, 1974; and

Whereas, the amendments to our Act as set forth below must be enacted on an emergency basis in order to maintain consistency with the Federal Truth-in-Lending Act and to maintain our exemption; 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:

Sec. 1. 9-A MRSA § 7-112-A is enacted to read:

§ 7-112-A. Liability of assignees

Except as otherwise specifically provided in this Title, any civil action for a violation of this Title which may be brought against the original creditor

in any credit transaction may be maintained against any subsequent assignee of the original creditor where the violation from which the alleged liability arose is apparent on the face of the instrument assigned unless the assignment is involuntary.

Sec. 2. 9-A MRSA § 7-117, sub-§ 1, first sentence, as enacted by PL 1975, c. 446, § 2, is amended to read:

Except as otherwise provided in this section, in the case of any consumer credit transaction in which a security interest is, including any such interest arising by operation of law, is or will be retained or acquired on any real property which is used or is expected to be used as the residence of the person to whom credit is extended, the obligor shall have the right to rescind the transaction until midnight of the 3rd business day following the consummation of the transaction or the delivery of the disclosures required under this section and all other material disclosures required under this Article, whichever is later, by notifying the creditor, in accordance with regulations of the administrator, of his intention to do so:

Sec. 3. 9-A MRSA § 7-117, sub-§ 2, first sentence, as enacted by PL 1975, c. 446, § 2, is amended to read:

When an obligor exercises his right to rescind under subsection 1, he is not liable for any finance or other charge, and any security interest given by the obligor, including any such interest arising by operation of law, becomes void upon such a rescission.

Sec. 4. 9-A MRSA § 7-119, sub-§ 1, ¶ A, as enacted by PL 1975, c. 446, § 2, is repealed and the following enacted in place thereof:

A. The conditions under which a finance charge may be imposed, including the time period, if any, within which any credit extended may be repaid without incurring a finance charge, except that the creditor may, at his election and without disclosure, impose no such finance charge if payment is received after the termination of such time period;

Sec. 5. 9-A MRSA § 7-119, sub-§ 2, ¶ B, as enacted by PL 1975, c. 446, § 2, is repealed and the following enacted in place thereof:

B. The amount and date of each extension of credit during the period and a brief identification on or accompanying the statement of each extension of credit in a form prescribed by regulations of the superintendent sufficient to enable the obligor to identify the transaction, or relate it to copies of sales vouchers or similar instruments previously furnished;

Sec. 6. 9-A MRSA § 7-119, sub-§ 2, ¶ J, as enacted by PL 1975, c. 446, § 2, is repealed and the following enacted in place thereof:

J. The date by which, or the period if any within which, payment must be made to avoid additional finance charges, except that the creditor may, at his election and without disclosure, impose no such additional finance charge if payment is received after such date or the termination of such period.

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

STATEMENT OF FACT

Section 3924 (Title 9) of our Truth-in-Lending Act states:

“§ 3924. Conformity with federal law

It is declared to be the legislative intent that the state law shall require disclosure of items of information substantially similar to the requirements of any applicable federal law. To effectuate this intent, the commissioner is specifically authorized, empowered and directed to adopt such interim regulations governing the information to be disclosed and the manner of disclosure so as to assure that the requirements of state law meet the requirements of such applicable federal law. Such regulations shall remain in full force and effect until 90 days after the close of the next regular session of the Legislature. Section 6, subsection 4, shall not apply to regulations issued under this chapter.”

The Federal Truth-in-Lending Act was amended in October, 1974, and the amendments in this bill will merely bring our law in line with the Federal Act.