

# MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1790

H. P. 1681

House of Representatives, January 10, 1980

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

EDWIN H. PERT, Clerk of the House

Presented by Mr. Mahany of Easton.

Cosponsors: Mr. J. Martin of Eagle Lake, Mr. Peterson of Caribou and Mr. Roope of Presque Isle.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY

AN ACT to Amend the Maine Consumer Credit Code to Exempt Extension of Credit for Agricultural Purposes.

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

**Sec. 1. 9-A MRSA § 1-202, sub-§ 8**, as last amended by PL 1979, c. 541, Pt. A, § 86, is further amended to read:

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 make 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—.

**Sec. 2. 9-A MRSA § 7-104, sub-§ 1**, as enacted by PL 1975, c. 446, § 2, is amended to read:

1. Credit transactions involving extensions of credit for business, **agricultural**

or commercial purposes, or to governments or governmental agencies or instrumentalities or to organizations;

#### STATEMENT OF FACT

This bill amends the Maine Consumer Credit Code and Consumer Credit Code Truth-in-Lending to exempt extensions of credit for agricultural purposes. Currently the code exempts such agricultural loans if in excess of \$32,500, but it exempts totally loans for business and commercial purposes on the theory that those negotiating such loans are in the best position to achieve results favorable to all parties without the constraints of the code. The same is true in the agricultural sector.

Further, code requirements are having an adverse effect on farmers' access to credit. In fact, restrictions placed on refinancing prior existing loans sometimes place banks in the untenable position of requiring default when a renegotiated loan might be otherwise possible, but for the code provisions. This bill would correct this dilemma.