## MAINE STATE LEGISLATURE

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1	L.D. 656	
2	(Filing No. H-114	( ا
3	STATE OF MAINE	
4	HOUSE OF REPRESENTATIVES	
5	111TH LEGISLATURE	
6	FIRST REGULAR SESSION	
7	HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT ".	A"

S.P. 219, L.D. 656, Bill, "AN ACT to Amend the Maine Consumer Credit Code." 9 10

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Amend the amendment by striking out everything after the first paragraph after the title and inserting in its place the following:

- 13 'Sec. 6. 9-A MRSA §3-204, sub-§2, as amended by 14 PL 1975, c. 178, is further amended to read:
- 15 2. A creditor may change the terms of an openend credit account whether or not the change is authorized by prior agreement. Except as provided in 16 17 subsection 3, the creditor shall give to the consumer 18 written notice of any change of terms relating to penalties, interest or other charges at least 3 19 20 21 times, with the first notice at least 3 months 30 days before the effective date of the change. Any 22 change of terms which would increase any penalty, 23 24 interest or other charges may not affect outstanding 25 balances incurred prior to the effective date of any 26 such change unless:
- 27 The creditor includes in the above described 28 notice of change an offer to finance by a sep-29 arate loan arrangement the outstanding unpaid balance as of the effective date of such the 30 31 change at the same rate of interest with the same 32 repayment schedule as applies to such that open-33 end credit account;
- B. The consumer may accept such the offer of 34 35 said a separate loan arrangement with respect to the then existing unpaid balance anytime prior to 36 30 7 days before the change is to become effec-37

## HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to S.P. 219

1	tive;
2 3	C. The creditor has legal authority to make such a loan; $\underline{\text{and}}$
<b>4</b> 5	D. No minimum finance charge is assessed nor prepayment penalty charged on such the loan.
6 7	Sec. 7. 9-A MRSA §3-204, sub-§3, ¶C, as enacted by PL 1973, c. 762, §1, is amended to read:
8 9 10 11	C. The change applies only to debts incurred after a date specified in a notice of the change given in 2 billing eyeles 15 days prior to the effective date of the change.
12 13	Further amend the bill by renumbering the sections to read consecutively.
14	STATEMENT OF FACT
15 16	This amendment is similar to Committee Amendment "A" except that it adjusts 2 other periods contained

This amendment is similar to Committee Amendment "A" except that it adjusts 2 other periods contained in the same section of the Maine Consumer Credit Code, to correspond to the 30-day requirement in the first paragraph of Title 9-A, section 3-204, subsection 2.

Maine's Consumer Credit Code currently provides a much longer prior notice period for changing the terms of an open-end credit account than is contained in the Uniform Consumer Credit Code or the federal truth-in-lending laws. In order to change the terms of the account, unless the consumer agrees in writing or the change involves no significant cost to the consumer, the creditor must either give 3 monthly notices of the change prior to its effective date, and offer the consumer a chance to enter a separate loan arrangement to cover his outstanding balance, or give notice in 2 billing cycles before the change,

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to S.P. 219
L.D. 656

- 1 and apply the change only prospectively. Under the 2 Uniform Consumer Credit Code, the creditor may apply 3 the change prospectively with only the 15-day notice 4 requirement of the federal truth-in-lending laws. 5 The creditor may apply the new terms to an existing balance, if he gives 2 notices, one at least 90 days prior to the effective date of the change; under the 6 7 Uniform Consumer Credit Code, the creditor need not 8 offer a separate loan agreement for the outstanding 9 balance. 10
- This amendment allows creditors in a volatile credit market to adapt more quickly to changes, and would also bring creditors governed by the Maine Consumer Credit Code a step closer to their competitors who are governed by less restrictive state and federal laws.

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Filed by Rep. Brannigan of Portland
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House
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