

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 413

6
7 S.P. 146

In Senate, February 5, 1985

8 Reference to the Committee on Business and Commerce suggested and
9 ordered printed.

10 JOY J. O'BRIEN, Secretary of the Senate

11 Presented by Senator Bustin of Kennebec.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-FIVE
16

17 AN ACT Relating to Collateral and Terms of
18 Consumer Loans under the Maine
19 Consumer Credit Code.
20

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

23 9-A MRSA §2-504, as amended by PL 1983, c.77, is
24 further amended to read:

25 §2-504. Finance charge on refinancing

26 Subject to section 2-308, with respect to a con-
27 sumer credit transaction, the creditor may, by agree-
28 ment with the consumer, refinance the unpaid balance
29 and may contract for and receive a finance charge
30 based on the amount financed resulting from the refi-
31 nancing at a rate not exceeding by 1% per year the
32 rate charged in the original agreement and stated to
33 the consumer pursuant to the provisions on disclo-
34 sure. This section shall not apply to consumer loans
35 in which the principle thereof is payable in a single

1 payment on demand or at a specified time and the fi-
2 nance charge, calculated according to the actuarial
3 method, does not exceed 12 1/4% per year, or to con-
4 sumer loans which, at the time of refinancing, are
5 subject to the provisions of federal laws or regula-
6 tions governing interest on deposits, provided that
7 the difference between the rate of interest earned on
8 the savings or time deposit and the rate of interest
9 charged on the loan secured by that deposit does not
10 exceed the difference between the rate of interest
11 earned on the savings or time deposit and the rate of
12 interest charged on the loan secured by that deposit
13 for the loan that is being refinanced or to consumer
14 loans that are refinanced at the request of the con-
15 sumer for a term longer than the term of the original
16 loan; upon providing different collateral than that
17 securing the original loan; or under any other terms
18 or provisions not applicable to the original loan if
19 such changed terms would have resulted in a higher
20 initial interest rate had they been applicable to the
21 original loan. This section also does not apply to
22 consumer loans in which the principal is payable in a
23 single payment on demand or at a specified time and
24 the debt is secured by an interest in securities,
25 bonds, debentures or other corporate obligations.
26 For the purpose of determining the finance charge
27 permitted, the amount financed resulting from the re-
28 financing comprises the following:

29 STATEMENT OF FACT

30 The purpose of this bill is to permit the consum-
31 er with the financial institution's approval to sub-
32 stitute collateral and change terms of consumer loans
33 without being subject to certain penalties under the
34 Consumer Credit Code.

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