

MAINE STATE LEGISLATURE

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(EMERGENCY)
SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1979

H.P. 1468 House of Representatives, January 7, 1988
Submitted by the Department of Professional and Financial
Regulation pursuant to Joint Rule 24.
Reference to the Committee on Banking and Insurance
suggested and ordered printed.

EDWIN H. PERT, Clerk
Presented by Representative WEBSTER of Cape Elizabeth.
Cosponsored by Senator THERIAULT of Aroostook,
Representatives REED of Falmouth and TARDY of Palmyra.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-EIGHT

1 **AN ACT to Clarify the Volume Fee Provision of**
2 **the Maine Consumer Credit Code.**
3

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

7 Whereas, changes in the wording of a section of
8 the Maine Consumer Credit Code, the Maine Revised
9 Statutes, Title 9-A, section 6-203, created an
10 ambiguity in the issue of whether lenders should
11 continue to pay volume fees based on variable rate

1 loans which have the capacity to exceed 12 1/4% annual
2 percentage rate; and

3 Whereas, a change in interpretation was not
4 intended by the drafters; and

5 Whereas, the Bureau of Consumer Credit Protection
6 relies on the dedicated revenues from volume fees in
7 order to continue its operations; and

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

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

16 9-A MRSA §6-203, sub-§2, as amended by PL 1987,
17 c. 396, §11, is further amended to read:

18 2. Persons required to file notification who are
19 sellers, lessors or lenders shall pay an additional
20 fee, at the time and in the manner stated in
21 subsection 1, of \$25 for each \$100,000, or part
22 thereof, of the original unpaid balances arising from
23 consumer credit transactions, except those secured by
24 an interest in land in which the rate of finance
25 charge disclosed is 12 1/4% or less, and which are not
26 variable rate transactions in which the annual
27 percentage rate has the capacity to exceed 12 1/4%
28 during the term of the transaction, entered into in
29 this State within the preceding calendar year and held
30 either by the seller, lessor, or lender for more than
31 30 days after the inception of the sale, lease or loan
32 giving rise to the obligations, or by an assignee who
33 has not filed notification. A refinancing of a sale,
34 lease or loan resulting in an increase in the amount
35 of an obligation is considered a new sale, lease or
36 loan to the extent of the amount of the increase.

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

1 approved.

2

STATEMENT OF FACT

3 This bill, which is consistent with the Bureau of
4 Consumer Credit Protection's historic interpretations
5 of treatment of variable rate transactions, clarifies
6 that a supervised lender may not avoid paying volume
7 fees to the bureau simply by transacting for an
8 initial rate below 12 1/4%, which could rise well
9 above that rate during the term of the transaction.

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