

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
114TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 626, L.D. 849, Bill, "An Act to Harmonize the Adjustable Rate Transaction Requirements of the Maine Consumer Credit Code with the Federal Truth-in-Lending Act and to Repeal Sunrise Provisions"

Amend the bill in section 3 in subsection 1 in paragraph A by inserting after the first sentence (page 1, line 35 in L.D.) the following:

'At the same time, the consumer shall be informed in writing of the right to request a hypothetical calculation showing the effect on the transaction's other terms and schedule of payments if the annual percentage rate when the credit is extended were increased once by the maximum amount allowed at any one time. If the consumer requests the hypothetical calculation at or before the time of application, the hypothetical calculation shall be disclosed to the consumer in writing before the credit is extended. The creditor may calculate the hypothetical calculation using either the amortized balance or the original principal balance.'

Further amend the bill in section 3 in subsection 1 in paragraph C in the 3rd line (page 1, line 46 in L.D.) by inserting after the following: "Regulations" the following: ', ' and by inserting immediately after the following: "Section 226.18(f)" the following: '(1)'

Further amend the bill in section 9 in the first and 2nd lines (page 2, lines 46 and 47 in L.D.) by striking out the following: "October 1, 1989" and inserting in its place the following: 'November 7, 1989'

STATEMENT OF FACT

This amendment would allow the consumer to request a transaction-specific disclosure. When the creditor provides the application, the consumer would also be given a written notice of

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1 the right to request a hypothetical example showing the payment
if the rate increased to its maximum allowable periodic limit.
3 The consumer could exercise the option between the time the
disclosure is provided and the time the application is
5 submitted. As under current law, the specific disclosures would
be provided to the consumer before credit is extended. These
7 second mortgage loans are also subject to a 3-day right of
rescission so that a consumer would have an opportunity to
9 rescind a transaction during that period.

11 . The amendment also changes the effective date of the bill to
November 7, 1989, in order to coincide with the effective date of
13 mandatory compliance with the new regulations of the Federal
Reserve System on Truth in Lending (FR 54; 110 June 9, 1989).

Reported by the Committee on Banking and Insurance
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House
6/15/89 (Filing No. H-560)