

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

## SECOND REGULAR SESSION - 1990

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Legislative Document

No. 2235

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S.P. 873

In Senate, January 25, 1990

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26.

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script, reading 'Joy J. O'Brien'.

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator BUSTIN of Kennebec.

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STATE OF MAINE

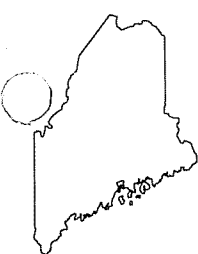
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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY

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An Act Related to Secondary Markets.

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

4 11 MRSA §3-201 is amended to read:

6 **§3-201. Transfer; right to endorsement**

8 (1) Transfer of an instrument vests in the transferee such  
10 rights as the transferor has therein, except that a transferee,  
12 who has himself been a party to any fraud or illegality affecting  
the instrument or who as a prior holder had notice of a defense  
or claim against it, cannot improve his gain an improved position  
by taking from a later holder in due course.

14 (2) A transfer of a security interest in an instrument  
16 vests the foregoing rights in the transferee to the extent of the  
interest transferred.

18 (3) Unless otherwise agreed, any transfer for value of an  
20 instrument not then payable to bearer gives the transferee the  
22 specifically enforceable right to have the unqualified  
24 indorsement endorsement of the transferor. Negotiation takes  
effect only when the indorsement endorsement is made and until  
that time there is no presumption that the transferee is the  
owner.

26 (4) No bank or other lending institution may transfer or  
28 sell an individual's loan unless that individual has been  
30 informed of the intent to sell or transfer the loan, provided  
with information about renegotiating or closing out the loan and  
allowed 30 days to obtain other financing.

32  
34 **STATEMENT OF FACT**

36 This bill requires any lending institution, before selling a  
38 loan on the secondary market or to any other lender, to offer the  
40 borrower the option of renegotiating or closing out the loan.