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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 917

H.P. 643

House of Representatives, March 1, 1991

. . **.** .

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

EDWIN H. PERT, Clerk

1860 WA 662 0 1468 8

Presented by Representative CONSTANTINE of Ba Cosponsored by Senator HOLLOWAY of Lincol	r Harbor. A set out the second	1 - 2 - 1 8 - 2 8 - 7
Representative KILKELLY of Wiscasset.	 A second contraction of the sec	

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND NINETY-ONE

An Act to Authorize Recovery of Certain Collection Costs.

2	Be it enacted by the People of the State of Maine as follows:
2	Sec. 1. 9-A MRSA §2-507, sub-§1, as enacted by PL 1973, c.
4	762, §1, is amended to read:
б	1. With respect to a consumer credit sale or lease, or a supervised <u>consumer</u> loan, the agreement may not provide for the
8	payment by the consumer of <u>reasonable</u> attorney's fees or any other <u>reasonable</u> collection cost. A-provision-in-violation-of
10	this-section-is-unenforceable.
12	Sec. 2. 9-A MRSA §2-507, sub-§2, as enacted by PL 1973, c. 762, §1, is repealed.
14	
16	STATEMENT OF FACT
18	STATEMENT OF FACE
TO	The Maine Consumer Credit Code currently forbids creditors
20	from recovering costs of collections on certain loans. This bill
20	amends the code to allow for the recovery of reasonable
22	collection costs and repeals the Maine Revised Statutes, Title
	9-A, section 2-507, subsection 2.
24	
	In some cases, the dollar amounts of certain loans may be
26	very high, such as a home equity line of credit of \$50,000, so that the creditor suffers loss if the loan is in default. During
28	an economic downturn, as loan losses increase, the ability to protect the creditor's position is of great importance. Without
30	ability to seek recourse from those who add costs to the creditor, lenders will make fewer loans and good borrowers who
32	pay off their loans subsidize those who do not.
34	The bill allows for recovery of costs other than attorney's
J-#	fees. Currently, the law only allows recovery of reasonable
36	attorney's fees rather than alternative collection services which may be cheaper.
38	may be cheaper.

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