

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

STATE OF MAINE
SENATE
116TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 65, L.D. 127, Bill, "An Act to Amend the Laws Related to Pawn Transactions"

Amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

'Sec. 1. 30-A MRSA §3960 is enacted to read:

§3960. Definitions

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Pawn transaction. "Pawn transaction" means the lending of money on the security of pledged tangible personal property. The term also includes the purchase of tangible personal property on the condition that it may be repurchased by the seller for a fixed price within a fixed period of time.

2. Pawnbroker. "Pawnbroker" means a person who engages in pawn transactions.

Sec. 2. 30-A MRSA §3962, as amended by PL 1989, c. 104, Pt. C, §§8 and 10, is further amended to read:

§3962. Account of business done and disclosure to consumer

1. Account kept. Every pawnbroker shall keep--a--book maintain records in which the pawnbroker shall enter:

A. The date, duration, amount and, periodic rate of interest and annual percentage rate of every loan that is made;

R. of S

COMMITTEE AMENDMENT "A" to S.P. 65, L.D. 127

2 A-1. The finance charge, due dates for payment and the
4 total payment needed to redeem or repurchase the pawned
property.

6 B. An accurate account and description of the property
8 pawned; and

10 B-1. The terms of redemption or repurchase, including any
reduction in the finance charge for early redemption or
12 repurchase and the right of the consumer to at least one
extension of 31 days at the same rate of interest upon request in
14 writing or in person; and

16 C. The name and residence of the pawn~~er~~ consumer.

18 The pawnbroker shall allow the municipal officers to inspect this
18 book these records at all reasonable times.

20 2. Delivery to consumer. At the same time of the
22 ~~pawnbroker makes the entry required by subsection 1 for any pawn~~
transaction, the pawnbroker shall deliver to the pawn~~er~~ consumer
24 a signed, written memorandum disclosure complying with the
truth-in-lending provisions of the Maine Consumer Credit Code,
26 containing the substance--of--that--entry items required by
subsection 1 and the name and address of the pawnbroker.

28 3. List filed with law enforcement agency. Before the 15th
30 day of every month, the pawnbroker shall file with the municipal
~~clerk a list of the entries required under subsection 1 that were~~
32 made law enforcement agency of jurisdiction, in a form acceptable
to that agency, a summary of the pawn transactions entered into
34 during the preceding calendar month. This list shall be available
for public inspection.

36 4. Violation. ~~Any pawnbroker who violates~~ A violation of
38 this section commits a civil violation for which a forfeiture of
\$20 may be adjudged for each offense constitutes a violation of
40 Title 9-A, section 5-201, subsection 1, subject to the civil
remedies of the Maine Consumer Credit Code, and constitutes a
42 violation of the Maine Unfair Trade Practices Act.

44 **Sec. 3. 30-A MRSA §3963, as amended by PL 1989, c. 104, Pt.**
44 **C, §§8 and 10, is repealed and the following enacted in its place:**

46 **§3963. Pawn transaction terms.**

48 1. Maximum finance charge established. A pawnbroker may
50 not directly or indirectly receive a finance charge of greater
than 25% per month on that part of a loan that is \$500 or less,
nor more than 20% per month on that part of a loan that is more

R. of S.

COMMITTEE AMENDMENT "A" to S.P. 65, L.D. 127

2 than \$500, made upon property pawned. Accrued interest may not
be incorporated as interest-bearing principal.

4 2. Minimum finance charge authorized. Notwithstanding
subsection 1, a pawnbroker may contract for and receive a minimum
6 charge of not more than \$2.50.

8 3. Other charges prohibited. A pawnbroker may not charge a
fee in addition to a finance charge allowed under subsections 1
10 and 2.

12 4. Time period. The initial redemption or repurchase
period of a pawn transaction, not including an extension under
14 subsection 5, may not exceed 60 days.

16 5. Extension required upon request. A consumer is entitled
to at least one extension of the pawn transaction of 31 days at
18 the same rate of interest upon request in writing or in person.

20 6. Violation. A violation of this section constitutes a
violation of Title 9-A, section 5-201, subject to the civil
22 remedies of the Maine Consumer Credit Code, and constitutes a
violation of the Maine Unfair Trade Practices Act.

24 Nothing in this section prohibits a pawnbroker from charging
26 a consumer a lower rate of interest than established by this
section.

28 Sec. 4. 30-A MRSA §3964, as amended by PL 1989, c. 104, Pt.
30 C, §§8 and 10, is repealed.

32 Sec. 5. 30-A MRSA §3964-A is enacted to read:

34 §3964-A. Regulation of pawnbrokers.

36 1. Exemption from state license. A pawnbroker licensed by
a municipality pursuant to section 3961 is not required to obtain
38 a supervised lender's license pursuant to Title 9-A, section
2-301 in order to engage in pawn transactions.

40 2. Application of law. Pawnbrokers are subject to Title
42 9-A, sections 6-104, 6-106, 6-202 and 6-203.

44 3. Model forms. The Superintendent of Consumer Credit
Protection may issue model disclosure forms and clauses to
46 facilitate compliance with the disclosure and computational
requirements of this subchapter, pursuant to the truth-in-lending
48 provisions of the Maine Consumer Credit Code.

50 Sec. 6. 30-A MRSA §3965, as amended by PL 1989, c. 104, Pt.
C, §§8 and 10, is repealed.

52

COMMITTEE AMENDMENT

R. of S.

FISCAL NOTE

2

4

6

The Bureau of Consumer Credit Protection will incur some minor additional costs to regulate pawn transactions. These costs can be absorbed within the bureau's existing budgeted resources.

8

10

12

14

The additional workload and administrative costs associated with the minimal number of new cases filed in the court system can be absorbed within the budgeted resources of the Judicial Department. The collection of additional fines may increase General Fund revenues by a minor amount.'

16

STATEMENT OF FACT

18

20

22

24

26

28

This amendment retains the current municipal license process for pawnbrokers; adds a definition for pawnbrokers; requires Truth-in-Lending disclosure to consumers; sets interest ceilings; provides a means for state regulation of pawn transactions; and declares violations of the accounts and pawn transaction terms sections to be violations of the Maine Revised Statutes, Title 9-A, section 5-201 and the Unfair Trade Practices Act. It repeals current provisions requiring public sale of pawned items and provisions on the disposal of proceeds of the sale. It allows the Superintendent of Consumer Credit Protection to issue model disclosure forms and clauses.

Reported by Senator Carey for the Committee on Banking and Insurance. Reproduced and Distributed Pursuant to Senate Rule 12.
(3/29/93)

(Filing No. S-50)