

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)



116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

No. 127

S.P. 65

In Senate, January 21, 1993

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator BRANNIGAN of Cumberland

STATE OF MAINE

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

An Act to Amend the Laws Related to Pawn Transactions.

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

2
4 Sec. 1. 9-A MRSA §1-202, sub-§5, as enacted by PL 1973, c. 762, §1, is repealed.

6 Sec. 2. 9-A MRSA §1-202, last ¶, as amended by PL 1987, c. 396, §3, is further amended to read:

8
10 The exclusions set forth in subsection 1 relating to extensions of credit to consumers by governments or governmental agencies, instrumentalities or organizations, and in subsections 12 2, 4, 5, 7 and 8, shall do not apply to the Maine Consumer Credit Code, Truth-in-lending, Article VIII.

14 Sec. 3. 9-A MRSA §1-301, sub-§27-A is enacted to read:

16
18 27-A. 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 redeemed or repurchased by the seller for a fixed price within a fixed period of time.

22
24 Sec. 4. 9-A MRSA §2-102, as enacted by PL 1973, c. 762, §1, is amended to read:

26
28 **§2-102. Scope**

30 Part 2 of this Article applies to consumer credit sales. Parts 3 and 4 apply to consumer loans, including loans made by supervised lenders. Part 5 applies to other charges and modifications with respect to consumer credit transactions. Part 6 applies to other credit transactions. Part 7 applies to pawn transactions.

34
36 Sec. 5. 9-A MRSA Art. II, Pt. 7 is enacted to read:

38
40 **PART 7**
PAWN TRANSACTIONS

42
44 **§2-701. Finance charge for pawn transactions**

46
48 1. With respect to a pawn transaction, a lender may contract for and receive a finance charge not exceeding that permitted by this section.

50 2. The finance charge, calculated according to the actuarial method, may not exceed the equivalent of the greater of either of the following:

2 A. The total of:

4 (i) Thirty percent per year on that part of the unpaid
balance of the amount financed that is \$700 or less;

6 (ii) Twenty-one percent per year on that part of the
unpaid balance of the amount financed that is more than
8 \$700 but does not exceed \$2,000; and

10 (iii) Fifteen percent per year on that part of the
unpaid balance of the amount financed that is more than
12 \$2,000; or

14 B. Eighteen percent per year on the unpaid balances of the
amount financed.

16 3. Notwithstanding subsection 2, the lender may contract
18 for and receive a minimum charge of not more than:

20 A. Five dollars when the amount financed does not exceed
\$75;

22 B. Seven dollars and fifty cents when the amount financed
24 exceeds \$75, but is less than \$250; or

26 C. Twenty-five dollars when the amount financed is \$250 or
more.

28 4. A pawnbroker licensed by a municipality pursuant to
30 Title 30-A, section 3961 is not required to obtain a supervised
lender's license pursuant to section 2-301 in order to engage in
32 pawn transactions.

34 Sec. 6. 30-A MRSA §3963, as amended by PL 1989, c. 104, Pt.
C, §§8 and 10, is repealed and the following enacted in its place:

36 §3963. Rates of interest

38 Rates of interest for pawnbroker transactions are those
40 established by the Maine Consumer Credit Code, Title 9-A, Article
II, Part 7.
42

44 STATEMENT OF FACT

46 This bill amends the laws related to pawn transactions by
48 applying the finance charge limits of the Maine Consumer Credit
Code. It establishes reasonable rates for pawn transactions,
while exempting pawnshop operations from lender licensing
50 requirements.