

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 49

S.P. 18

In Senate, January 12, 1995

An Act to Create Additional Employment Opportunities in the Financial Services Industry by Allowing Financial Organizations to Charge Additional Finance Charges.

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

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS
Secretary of the Senate

Presented by Senator McCORMICK of Kennebec.

Cosponsored by Senator KIEFFER of Aroostook, Representative DONNELLY of Presque Isle and

Senators: CARPENTER of York, CIANCHETTE of Somerset, FAIRCLOTH of Penobscot, HALL of Piscataquis, HARRIMAN of Cumberland, LORD of York, O'DEA of Penobscot, PINGREE of Knox, RUHLIN of Penobscot, STEVENS of Androscoggin, Representatives: AULT of Wayne, BAILEY of Township 27, BARTH of Bethel, BIGL of Bucksport, CAMERON of Rumford, CAMPBELL of Holden, CARLETON of Wells, CLARK of Millinocket, DAGGETT of Augusta, DORE of Auburn, DRISCOLL of Calais, FITZPATRICK of Durham, GREENLAW of Standish, GWADOSKY of Fairfield, HATCH of Skowhegan, HEINO of Boothbay, JONES of Pittsfield, KERR of Old Orchard Beach, KILKELLY of Wiscasset, KNEELAND of Easton, LABRECQUE of Gorham, LEMONT of Kittery, LIBBY of Kennebunk, LINDAHL of Northport, LOOK of Jonesboro, MITCHELL of Vassalboro, MORRISON of Bangor, NADEAU of Saco, O'GARA of Westbrook, PENDLETON of Scarborough, PINKHAM of Lamoine, REED of Dexter, RICE of South Bristol, SAVAGE of Union, SIMONEAU of Thomaston, SPEAR of Nobleboro, TAYLOR of Cumberland, TRUE of Fryeburg, TUFTS of Stockton Springs, VIGUE of Winslow, WINN of Glenburn.

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

2
4 **Sec. 1. 9-A MRSA §1-110, first ¶**, as enacted by PL 1981, c. 218,
is amended to read:

6 Notwithstanding the provisions of ~~Sections~~ Section 501 and
7 ~~521--to--523~~ of the United States Depository Institutions
8 Deregulation and Monetary Control Act of 1980, Public Law 96-221,
the Legislature declares that the maximum finance charges
10 established in article II shall apply to:

12 **Sec. 2. 9-A MRSA §1-110, sub-§1**, as amended by PL 1987, c.
14 129, §2, is further amended to read:

16 1. Consumer credit transactions involving manufactured
housing as defined in section 1-301, subsection 23-A; and

18 **Sec. 3. 9-A MRSA §1-110, sub-§2**, as amended by PL 1993, c.
20 134, §1, is repealed.

22 **Sec. 4. 9-A MRSA §2-402, sub-§4**, as amended by PL 1993, c.
618, §1, is further amended to read:

24 4. With respect to loans made pursuant to a lender credit
26 card, except for cash advances, and except when there is an
outstanding balance from the prior billing cycle at the beginning
28 of a billing cycle, no finance charge may be imposed on purchases
or leases of goods or services purchased during the billing
30 cycle, provided that they are paid for not later than 25 days
after the closing date of the billing cycle in which the purchase
or lease occurred.

32 **Sec. 5. 9-A MRSA §2-501, sub-§4** is enacted to read:

34 4. In addition to or in lieu of interest at a periodic rate
36 or rates as provided in section 2-402, and in addition to any
other charges permitted under this Act, a supervised financial
38 organization may, if the agreement with the consumer governing an
open-end credit plan involving the use of a lender credit so
40 provides, charge and collect as an additional finance charge or
interest, in such manner or form as the plan may provide, one or
42 more of the following:

44 A. A daily, weekly, monthly, annual or other periodic
charge in such amount as the agreement may provide for the
46 privileges made available to the consumer under the plan;

48 B. A transaction charge or charges in such amount or
amounts as the agreement may provide for each separate
50 purchase or loan under the plan;

- 2 C. A minimum charge for each daily, weekly, monthly, annual
4 or other scheduled billing period under the plan during any
6 portion of which there is an outstanding, unpaid
8 indebtedness under the plan;

- 10 D. Reasonable fees for services rendered or for
12 reimbursement of expenses incurred in good faith by the
14 creditor or its agents in connection with the plan, or other
16 reasonable fees incident to the application for and the
18 opening, administration and termination of the plan,
20 including, without limitation, commitment, application and
22 processing fees, official fees and taxes, costs incurred by
24 reason of examination of title, inspection, appraisal,
26 recording, mortgage satisfaction or other formal acts
28 necessary or appropriate to the security for the plan and
30 filing fees;

- 32 E. A late or delinquency charge upon any outstanding,
34 unpaid installment payments or portions of those payments
36 under the plan that are not paid in full within 15 days
38 after the scheduled or deferred due date;

- 40 F. Return-payment charges;

- 42 G. Documentary evidence charges;

- 44 H. Stop-payment fees;

- 46 I. Over-the-limit charges; and

- 48 J. Automated teller machine charges or similar electronic
50 or interchange fees or charges.

STATEMENT OF FACT

38 This bill repeals the provision fixing maximum finance
40 charges on open-end credit plans related to credit cards and
42 consumer credit transactions involving the use of credit cards.
44 The bill authorizes additional charges for open-end credit plans
46 by agreement between a consumer and a credit card lender. The
48 authorized charges include periodic charges, transaction charges,
50 minimum charges during periods of outstanding indebtedness,
 processing fees, reimbursements for expenses, late or delinquency
 fees, return-payment charges, documentary evidence charges,
 stop-payment fees, over-the-limit charges and automated teller
 machine charges. The bill also provides that a finance charge
 may be imposed when there is an outstanding balance from the
 prior billing cycle at the beginning of a billing cycle.