

MAINE STATE LEGISLATURE

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1987
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L.D. 151

DATE: 3/28/95

(Filing No. H-58)

MINORITY
BANKING AND INSURANCE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
117TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 116, L.D. 151, Bill, "An Act to Expand the Protection of the Maine Consumer Credit Code"

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. 9-A MRSA §1-301, sub-§11, ¶A, as amended by PL 1987, c. 396, §4, is further amended to read:

A. ~~Except as provided in paragraph B,~~ a "consumer credit sale" is a sale of goods, services or an interest in land in which:

(i) credit is granted either pursuant to a credit card other than a lender credit card or by a seller who regularly engages as a seller in credit transactions of the same kind;

(ii) the buyer is a person other than an organization;

(iii) the goods, services or interest in land are purchased primarily for a personal, family or household purpose;

(iv) either the debt is payable in instalments installments or a finance charge is made; and

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2 (v) with respect to a sale of goods or services not
4 including manufactured housing or a motor vehicle, the
amount financed does not exceed \$25,000; and

6 (vi) with respect to a sale of a motor vehicle, as
8 defined in Title 29-A, section 101, subsection 42, the
amount financed does not exceed \$50,000;

10 **Sec. 2. 9-A MRSA §1-301, sub-§13**, as repealed and replaced by
12 PL 1987, c. 129, §20, is amended to read:

14 13. A "consumer lease" is a lease of goods:

16 A. ~~Which~~ That a lessor regularly engaged in the business of
18 leasing makes to a person, other than an organization, who
takes under the lease primarily for a personal, family or
household purpose;

20 B. In which the amount payable under the lease does not
22 exceed \$25,000 or with respect to a motor vehicle, defined
by Title 29-A, section 101, subsection 42, the amount
24 payable under the lease does not exceed \$50,000;

26 C. ~~Which~~ That is for a term exceeding 4 months; and

28 D. ~~Which~~ That is not made pursuant to a lender credit card.

30 A person is regularly engaged in the business of leasing if
32 he that person enters into consumer leases more than 25
34 times in the preceding calendar year. If a person did not
meet this numerical test in the preceding calendar year, the
numerical standard ~~shall~~ must be applied to the current
calendar year.

36 **Sec. 3. 9-A MRSA §1-301, sub-§14**, as amended by PL 1987, c.
38 396, §§6 and 7, is further amended to read:

40 14. "Consumer loan":

42 A. Except as provided in paragraph B, a "consumer loan" is
44 a loan made by a person regularly engaged in the business of
making loans in which:

46 (i) the debtor is a person other than an organization;

48 (ii) the debt is incurred primarily for a personal,
family or household purpose;

50 (iii) either the debt is payable in ~~instalments~~
installments or a finance charge is made; and

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2 (iv) ~~either the amount financed does not exceed~~
4 ~~\$25,000 or the debt is secured by manufactured housing~~
~~or an interest in land. :~~

6 (a) the amount financed does not exceed \$25,000;

8 (b) the amount financed does not exceed \$50,000
10 and the debt is secured by a motor vehicle,
defined in Title 29-A, section 101, subsection 42;
12 or

14 (c) the debt is secured by manufactured housing
or an interest in land.

16 B. A "consumer loan" does not include:

18 (i) a sale or lease in which the seller or lessor
20 allows the buyer or lessee to purchase or lease
card.

22 (ii) except for the purposes of article VIII, which
24 governs truth-in-lending, or unless the loan is made
subject to this Act by agreement, section 1-109, a loan
26 secured by an interest in land, if made by a supervised
28 financial organization and if the security interest is
bona fide and not for the purpose of circumvention or
30 evasion of this Act and the finance charge does not
exceed 12 1/4% per year calculated according to the
32 actuarial method on the unpaid balances of the amount
financed on the assumption that the debt will be paid
according to the agreed terms and not be paid before
34 the end of the agreed term.

36 (iii) for purposes of article VIII, which governs
38 truth-in-lending, a loan in which the amount financed
exceeds \$25,000 and the debt is secured by a motor
40 vehicle, defined in Title 29-A, section 101, subsection
42.

42 **Sec. 4. 9-A MRSA §6-203, sub-§3-C is enacted to read:**

44 3-C. Notwithstanding subsections 2 and 3, sellers, lessors,
46 lenders or assignees shall pay a volume fee of \$20 for each
\$100,000, or part thereof, of the original unpaid balances
48 arising from or taken by assignment from consumer credit
transactions secured by motor vehicles, defined in Title 29-A,
50 section 101, subsection 42, in which the amount financed, or
payable under a lease, exceeds \$25,000 but does not exceed

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\$50,000, entered into in this State in the previous calendar year.'

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Further amend the bill by inserting at the end before the statement of fact the following:

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FISCAL NOTE

The Bureau of Consumer Credit Protection will incur some minor additional costs to administer expanded protections of the Maine Consumer Credit Code. These costs can be absorbed within the bureau's existing budgeted resources.

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The inclusion of certain motor vehicle financing agreements under the protections of the Maine Consumer Credit Code will result in insignificant increases of dedicated revenue to the Bureau of Consumer Credit Protection from volume fees.'

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STATEMENT OF FACT

This amendment, which replaces the original bill, provides the protections of the Maine Consumer Credit Code to motor vehicle sales, leases and loans from \$25,000 to \$50,000, and establishes a reduced volume fee rate on that category of consumer credit transaction. It exempts direct automobile loans greater than \$25,000 from the Maine Revised Statutes, Title 9-A, article VIII, which governs truth-in-lending, to maintain parity between state-chartered and federally-chartered institutions.

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