

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)



117th MAINE LEGISLATURE

SECOND REGULAR SESSION-1996

Legislative Document

No. 1699

H.P. 1239

House of Representatives, January 11, 1996

An Act to Amend and Further Deregulate the Maine Consumer Credit Code.

Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 24.

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

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative VIGUE of Winslow.

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

2
3 **Sec. 1. 9-A MRSA §2-202, sub-§2, ¶A,** as repealed and replaced
4 by PL 1977, c. 421, §1, is amended to read:

6 A. The average daily balance in the billing cycle for which
7 the charge is made, which is the sum of the amount unpaid
8 each day during that cycle, divided by the number of days in
9 that cycle. The amount unpaid on a day is determined by
10 adding to the balance, if any, unpaid as of the beginning of
11 that day all debits, but excluding all purchases or leases
12 of goods and services made on that day if a finance charge
13 on these amounts is prohibited under subsection 5 and
14 deducting all payments and other credits made or received as
15 of that day; or

16 **Sec. 2. 9-A MRSA §2-302, sub-§4,** as amended by PL 1983, c.
17 720, §8, is further amended to read:

18 4. A separate license shall ~~be~~ is required for each place
19 of business. ~~No~~ A license fee exceeding \$200 may not be imposed
20 for any license issued for a place of business other than that of
21 the first licensed location of the licensee.

22 **Sec. 3. 9-A MRSA §2-308, sub-§3,** as enacted by PL 1973, c.
23 762, §1, is repealed.

24 **Sec. 4. 9-A MRSA §2-501, sub-§4,** as enacted by PL 1995, c.
25 137, §5, is amended by amending the first paragraph to read:

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

34 **Sec. 5. 9-A MRSA §5-105, sub-§2,** as enacted by PL 1973, c.
35 762, §1, is amended to read:

36 2. The maximum part of the aggregate disposable earnings of
37 an individual for any workweek which that is subjected to
38 garnishment to enforce payment of a judgment arising from a
39 consumer credit transaction may not exceed the lesser of:

40 A. ~~25%~~ Twenty-five percent of his the individual's
41 disposable earnings for that week; ~~or~~

2 B. The amount by which his the individual's disposable
earnings for that week exceed 40 times the Federal minimum
4 hourly wage prescribed by Section 6(a)(I) of the Fair Labor
Standards Act of 1938, U.S.C. tit. 29, § 206(a)(I), in
effect at the time the earnings are payable; or

6
8 C. In the case of earnings for a pay period other than a
week, the administrator shall prescribe by rule a multiple
of the Federal minimum hourly wage equivalent in effect to
10 that set forth in paragraph B.

12 **Sec. 6. 9-A MRSA §8-303, sub-§5, ¶B**, as enacted by PL 1981, c.
243, §25, is amended to read:

14
16 B. This action with respect to any outstanding disputed
amount may not be taken by the card issuer upon request of
the cardholder.

18
20 **Sec. 7. 9-A MRSA §9-308**, as enacted by PL 1987, c. 396, §12,
is amended to read:

22 **§9-308. Right to prepay**

24 A consumer may prepay in full or in part the unpaid balance
of a consumer credit transaction that is an alternative mortgage
26 transaction, as defined in section 9-301 9-302, subsection 1, at
any time without penalty.

30 **STATEMENT OF FACT**

32 This bill accomplishes the following.

34 1. It completes the deregulation of retail credit cards
addressed in Public Law 1995, chapter 84.

36
38 2. Lenders with single offices are currently subsidizing
large, out-of-state mortgage companies that submit multiple
applications for branch offices. This bill requires that the
40 costs of processing applications for multiple branch offices be
borne by the applicants.

42
44 3. Current law limits a lender's ability to offer
closed-end consumer loans for terms exceeding 3 years. All other
types of personal credit, especially credit cards, have been
46 deregulated. This bill deregulates closed-end consumer loans.

2 4. It extends to nonbank credit card issuers the same
deregulated credit card rates allowed banks and credit unions
under Public Law 1995, chapter 137.

4

6 5. It makes technical corrections by adding a word that was
omitted from the existing statute and by correcting a statutory
reference.