

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

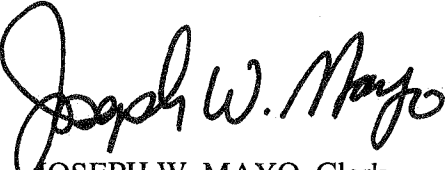
No. 1185

H.P. 868

House of Representatives, February 25, 1997

**An Act to Prohibit the Raising of Interest Rates as a Penalty for Late
Payment on Debt.**

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


JOSEPH W. MAYO, Clerk

Presented by Representative SKOGLUND of St. George.
Cosponsored by Senator KILKELLY of Lincoln and
Representatives: BOLDUC of Auburn, CHARTRAND of Rockland, CHIZMAR of Lisbon,
FARNSWORTH of Portland, GERRY of Auburn, NICKERSON of Turner, SAVAGE of
Union, SIROIS of Caribou.

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

Sec. 1. 9-A MRSA §2-401, sub-§10 is enacted to read:

10. With respect to a consumer loan, other than a loan pursuant to open-end credit, a lender may not increase the finance charge or contract for and receive an additional finance charge or an increase in the finance charge whether by way of add-on or otherwise based on the delinquency of the loan or the lateness of a payment.

Sec. 2. 9-A MRSA §2-402, sub-§6 is enacted to read:

6. With respect to loans made on open-end credit, including loans made pursuant to a lender credit card, a lender may not increase the finance charge or contract for and receive an additional finance charge or an increase in the finance charge whether by way of add-on or otherwise based on the delinquency of the loan or the lateness of a payment.

SUMMARY

This bill prohibits a lender from raising credit card interest rates as a penalty for late payments.