

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1997

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Legislative Document

No. 1491

S.P. 483

In Senate, March 12, 1997

**An Act to Reduce Interest and Charges on Improvident Extensions of  
Consumer Credit.**

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

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator MILLS of Somerset.

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

4 **Sec. 1. 9-A MRSA §2-507, sub-§4** is enacted to read:

6 4. Notwithstanding any other provision of law, with respect  
8 to loans made subject to section 3-314, a creditor who attempts  
10 to collect more than the amount financed shall pay the debtor's  
12 attorney's fees and other costs reasonably associated with a  
14 claim under section 3-314, not to exceed an amount equal to 1/2  
16 of the amount financed.

18 **Sec. 2. 9-A MRSA §3-314** is enacted to read:

20 **§3-314. Insolvent cardholder**

22 1. Limitation on collection. If a consumer is extended  
24 credit on a credit card account that was opened at a time when  
26 the consumer was insolvent, then the card issuer may collect from  
28 the consumer only a return of the principal amount financed on  
30 the card. All payments made by the consumer since opening the  
32 credit card account must be applied to the amount financed. For  
34 purposes of this section, "insolvent" means the same as defined  
36 in Title 11, section 1-201, subsection 23.

38 2. Attorney's fees. A consumer who successfully asserts  
40 the defense contained in subsection 1 may recover against the  
42 creditor the consumer's costs of defense including a reasonable  
44 attorney's fee in an amount not to exceed 1/2 the total amount  
46 financed on the card that is the basis for the creditor's claim.

48 **SUMMARY**

50 This bill eliminates any interest, finance charges or costs  
52 for improvident extensions of consumer credit to insolvents.  
54 This bill also allows a consumer to whom improvident extensions  
56 of credit are made to recover limited costs incurred in the  
58 successful defense of an action brought by a credit card company  
against the insolvent consumer.