

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 1608

S.P. 546

In Senate, March 2, 1999

**An Act to Conform Maine's Consumer Credit Laws to Federal Law and
Make Other Changes.**

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator LaFOUNTAIN of York.
Cosponsored by Senators: ABROMSON of Cumberland, MURRAY of Penobscot,
Representative: SULLIVAN of Biddeford.

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

2
4 **Sec. 1. 9-A MRSA §3-202**, as repealed and replaced by PL 1981, c. 618, §7, is repealed and the following enacted in its place:

6 **§3-202. Entitlement to copy of written agreement**

8 When a written agreement that requires or provides for the signature of the consumer and that evidences a consumer credit transaction other than one pursuant to open-end credit, the consumer is entitled to a copy of the agreement upon request to the creditor.

14 **Sec. 2. 9-A MRSA §3-204, sub-§2**, as amended by PL 1983, c. 720, §11, is further amended to read:

16 2. A creditor may change the terms of an open-end credit account whether or not the change is authorized by prior agreement. Except as provided in subsections 3 and 3-A, the creditor shall give to the consumer written notice of any change of terms relating to penalties, interest or other charges at least 30 days before the effective date of the change. Any Except when an open-end credit account involving the use of a credit card, a change of terms which that would increase any penalty, interest or other charges may not affect outstanding balances incurred prior to the effective date of any such change unless:

28 A. The creditor includes in the notice of change an offer to finance by a separate loan arrangement the outstanding unpaid balance as of the effective date of the change at the same rate of interest with the same repayment schedule as applies to that open-end credit account;

34 B. The consumer may accept the offer of a separate loan arrangement with respect to the then existing unpaid balance anytime prior to 7 days before the change is to become effective;

40 C. The creditor has legal authority to make such a loan; and

42 D. No minimum finance charge is assessed nor prepayment penalty charged on the loan.

44 **Sec. 3. 9-A MRSA §3-310, sub-§1, ¶¶A and D**, as repealed and replaced by PL 1989, c. 457, §§3 and 9 and affected by c. 600, Pt. B, §§7 and 8, are amended to read:

2 A. With respect to a closed-end transaction secured by the
3 consumer's principal dwelling with a term greater than one
4 year, the information required under 12 Code of Federal
5 Regulations, Section 226.19(b) shall must be disclosed at
6 the time an application form is provided or before the
7 consumer pays a nonrefundable fee, whichever is earlier. At
8 ~~the same time, the consumer shall be informed in writing of~~
9 ~~the right to request a hypothetical calculation showing the~~
10 ~~effect on the transaction's other terms and schedule of~~
11 ~~payments if the annual percentage rate when the credit is~~
12 ~~extended were increased once by the maximum amount allowed~~
13 ~~at any one time. If the consumer requests the hypothetical~~
14 ~~calculation at or before the time of application, the~~
15 ~~hypothetical calculation shall be disclosed to the consumer~~
16 ~~in writing before the credit is extended. The creditor may~~
17 ~~calculate the hypothetical calculation using either the~~
18 ~~amortized balance or the original principal balance.~~

19 D. With respect to an open-end credit plan other than one
20 described in paragraph B, the information required by 12
21 Code of Federal Regulations, Section 226.6(a)(2) shall must
22 be disclosed before the first transaction under the plan.
23 ~~The creditor shall disclose the amount of the increase in~~
24 ~~the finance charge that would apply if the interest rate~~
25 ~~applicable to the plan, as applied to a balance of \$1,000~~
26 ~~for one month, were to increase by the lesser of 5% per year~~
27 ~~or the maximum amount allowed under the plan.~~

28 **Sec. 4. 9-A MRSA §3-313**, as enacted by PL 1987, c. 265, §1,
29 is amended to read:

30 **§3-313. Real estate appraisals; copies**

31 Any A creditor which that imposes a fee on any a person for
32 the cost of an appraisal of any real estate in connection with an
33 application for credit that is to be secured by a lien on a
34 dwelling shall furnish to the person, at no cost, applicant a
35 copy of the appraisal upon written request. A creditor shall
36 provide a copy to the applicant according to the terms set forth
37 in 12 Code of Federal Regulations, 202.5a(2)(ii).

38 **Sec. 5. 9-A MRSA §3-402, sub-§1, ¶B**, as enacted by PL 1991, c.
39 237, is amended to read:

40 B. Notwithstanding section 2-507, reasonable charges
41 incurred in realizing on a security interest in personal
42 property securing a consumer loan, consumer lease or a
43 consumer credit sale, other than attorney's fees; and

44 **Sec. 6. 9-A MRSA §3-402, sub-§3** is enacted to read:

