

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 10

H.P. 10

House of Representatives, January 4, 2001

An Act to Require Credit Card Issuers to Provide Greater Notice of Changes in Terms.

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

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative GLYNN of South Portland.

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

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Sec. 1. 9-A MRSA §3-204, sub-§2, as amended by PL 1999, c. 150, §2, is further amended to read:

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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 90 days before the effective date of the change. Except in the case of an unsecured open-end credit account involving the use of a credit card, a change of terms 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:

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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;

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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;

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

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

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Sec. 2. 9-A MRSA §3-204, sub-§3, ¶C, as amended by PL 1983, c. 212, §7, is further amended to read:

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C. The change applies only to debts incurred after a date specified in a notice of the change given 15 90 days prior to the effective date of the change.

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Sec. 3. 9-A MRSA §3-204, sub-§3-A, as enacted by PL 1983, c. 720, §13, is repealed.

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SUMMARY

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This bill increases the notice requirement for changes in terms of credit card accounts to 90 days before the effective date of the changes. The bill also repeals the provision allowing a credit card issuer to avoid providing notice of a change if the change involves no significant cost to the consumer.

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