

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 473

H.P. 365

House of Representatives, February 4, 2003

An Act To Limit the Interest Rate on Consumer Credit Transactions

Reference to the Committee on Business, Research and Economic Development suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative TWOMEY of Biddeford.
Cosponsored by Representative GOODWIN of Pembroke and
Representatives: ADAMS of Portland, BLISS of South Portland, CANAVAN of Waterville,
HUTTON of Bowdoinham, LUNDEEN of Mars Hill, O'BRIEN of Lewiston.

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

4 **Sec. 1. 9-A MRSA §2-201, sub-§2,** as amended by PL 1997, c.
727, Pt. B, §3, is repealed.

6 **Sec. 2. 9-A MRSA §2-201, sub-§2-A** is enacted to read:

8 2-A. The finance charge, calculated according to the
10 actuarial method, may not exceed 12% per year on the unpaid
balances of the amount financed.

12 **Sec. 3. 9-A MRSA §2-201, sub-§5,** as enacted by PL 1973, c.
14 762, §1, is repealed.

16 **Sec. 4. 9-A MRSA §2-201, sub-§5-A** is enacted to read:

18 5-A. Subject to classifications and differentiations a
seller may reasonably establish, the seller may make the same
20 finance charge on all amounts financed within a specified range.
A finance charge so made does not violate subsection 2-A if, when
22 applied to the median amount within each range, it does not
exceed the maximum permitted by subsection 2-A.

24 **Sec. 5. 9-A MRSA §2-201, sub-§6,** as repealed and replaced by
26 PL 1975, c. 298, §1, is amended to read:

28 **6.** Notwithstanding subsection 2 2-A, the seller may
contract for and receive a minimum charge of not more than:

30 **A.** Five dollars when the amount financed does not exceed
32 \$75;

34 **B.** Seven dollars and fifty cents when the amount financed
exceeds \$75, but is less than \$250; or

36 **C.** Twenty-five dollars when the amount financed is \$250 or
38 more and when, within 30 days from the date of the
transaction, the agreement is assigned by the seller, other
40 than a seller of motor vehicles, to an assignee having no
corporate relationship to the seller-assignor.

42 **Sec. 6. 9-A MRSA §2-201, sub-§7,** as amended by PL 1985, c.
44 819, Pt. B, §§3 and 4, is further amended to read:

46 **7.** The finance charge on any transaction involving the
credit sale of goods or services used in the modernization,
48 rehabilitation, repair, alteration or improvement of real
property, in which the seller or his the seller's agent installs
the goods or provides the services related to the modernization,
50 rehabilitation, repair, alteration or improvement of the real

property, may not exceed ~~18%~~ 12% per year on the unpaid balances of the amount financed.

Sec. 7. 9-A MRSA §2-201, sub-§9-A, as amended by PL 1999, c. 699, Pt. D, §2 and affected by §30, is further amended to read:

9-A. Notwithstanding any other provision of law, the finance charge on a consumer credit sale of a motor vehicle, as defined in this section, that is sold on or after January 1, 1994 may not exceed ~~18%~~ 12% per year on the unpaid balance of the amount financed. For the purposes of this section, "motor vehicle" means any self-propelled vehicle not operated exclusively on tracks, except agricultural machinery and any other devices that do not constitute consumer goods, as defined in Title 11, section 9-1102, subsection (23).

Sec. 8. 9-A MRSA §2-201, sub-§10, as amended by PL 1987, c. 129, §32, is further amended to read:

10. Notwithstanding any other subsection, the finance charge on a transaction to finance or refinance the acquisition of, or secured by, manufactured housing, not involving a security interest in real estate, may not exceed the greater of the following:

A. A rate 2% greater than the maximum rate established by federal regulations pursuant to the United States Code, Title 38, Section 1819(f), Veterans Housing Act of 1970, as amended, and published from time to time in the Federal Register, 38 Code of Federal Regulations, Part 36; or

B. ~~18%~~ 12% per year.

In the event ~~no~~ a specific maximum rate is not established by federal regulation in accordance with this subsection, this subsection ~~shall~~ does not apply.

Sec. 9. 9-A MRSA §2-202, sub-§3, as repealed and replaced by PL 1995, c. 84, §2, is repealed and the following enacted in its place:

3. For sales made pursuant to this section:

A. If the billing cycle is monthly, the charge may not exceed 1% of the amount pursuant to subsection 2; and

B. If the billing cycle is not monthly, the maximum charge is that percentage that bears the same relation to the applicable monthly percentage as the number of days in the billing cycle bears to 30.

2 A billing cycle is monthly if the closing date of the cycle is
4 the same date each month or does not vary by more than 4 days
from that date.

6 **Sec. 10. 9-A MRSA §2-202, sub-§7,** as amended by PL 1999, c.
184, §1, is repealed.

8 **Sec. 11. 9-A MRSA §2-401, sub-§2,** as amended by PL 1997, c.
10 727, Pt. B, §10, is repealed.

12 **Sec. 12. 9-A MRSA §2-401, sub-§2-A** is enacted to read:

14 2-A. With respect to a consumer loan, a lender may contract
16 for and receive a finance charge, calculated according to the
actuarial method, not exceeding 12% per year on the entire amount
18 of the loan.

20 **Sec. 13. 9-A MRSA §2-401, sub-§8. ¶B,** as enacted by PL 1983, c.
87, §2, is amended to read:

22 B. ~~18%~~ 12% per year.

24 **Sec. 14. 9-A MRSA §2-401, sub-§9,** as enacted by PL 1985, c.
26 763, Pt. A, §33, is amended to read:

28 9. Notwithstanding any other subsection, the finance charge
30 on an insurance premium loan may not exceed ~~18%~~ 12% per year on
the unpaid balances of the amount financed, except for any
minimum charge that may be allowed pursuant to subsection 7.

32 **Sec. 15. 9-A MRSA §2-402, sub-§3,** as amended by PL 1993, c.
34 618, §1, is further amended to read:

36 ~~3. Except with respect to loans made pursuant to a lender~~
~~credit card as provided in subsection 4,~~ the charge earned in
38 each billing cycle may not exceed the greater of the product of
the average daily balance times the number of days in the billing
40 cycle times ~~.049315%~~ .032876% or, if the billing cycle is
monthly, ~~1-1/2%~~ 1% of the amount pursuant to subsection 2. A
42 billing cycle is monthly if the closing date of the cycle is the
same date each month or does not vary by more than 4 days from
44 the regular date.

46 **Sec. 16. 9-A MRSA §2-402, sub-§5,** as enacted by PL 1993, c.
618, §2, is amended to read:

48 5. With respect to loans made pursuant to a lender credit
card, a creditor may not impose a finance charge if it is in

2 excess of that set forth in this section or the agreement between
the consumer and the creditor.

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6 SUMMARY

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8 This bill limits the rate of interest that may be charged on
consumer credit loans, such as credit cards and automobile loans,
to 12% per year.

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