

MAINE STATE LEGISLATURE

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2008

L.D. 494

DATE: 3-26-03

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INSURANCE AND FINANCIAL SERVICES

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STATE OF MAINE HOUSE OF REPRESENTATIVES 121ST LEGISLATURE FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 383, L.D. 494, Bill, "An Act To Enhance Consumer Protections in Relation to Certain Mortgages"

Amend the bill in section 1 in paragraph F-1 in the 2nd line (page 1, line 7 in L.D.) by striking out the following: "mortgage loan"

Further amend the bill in section 1 in paragraph F-1 in the 6th line (page 1, line 11 in L.D.) by inserting after the following: "and" the following: 'subject to'

Further amend the bill in section 3 by striking out all of subsection 11-A (page 1, lines 33 to 37 in L.D.) and inserting in its place the following:

'11-A. A creditor who makes a high-rate, high-fee mortgage shall report both the favorable and unfavorable payment history of the consumer to a nationally recognized consumer credit reporting agency at least annually during the period the creditor holds or services the loan.'

Further amend the bill by striking out all of section 4.

Further amend the bill in section 5 in subsection 12-A by striking out all of paragraph A (page 2, lines 5 to 20 in L.D.) and inserting in its place the following:

COMMITTEE AMENDMENT

Pl. of S.

COMMITTEE AMENDMENT "A" to H.P. 383, L.D. 494

2 'A. Charge any points in connection with a high-rate,
4 high-fee mortgage if the proceeds of the high-rate, high-fee
6 mortgage are used to refinance an existing high-rate,
8 high-fee mortgage owned by the creditor and the last
10 financing was within 18 months of the current refinancing;
12 except, however, this paragraph does not prohibit a creditor
14 from charging points in connection with any additional
16 proceeds received by the consumer or paid to 3rd parties on
18 the consumer's behalf in connection with the refinancing.
20 For purposes of this subsection, "additional proceeds" for a
22 closed-end loan is the amount over and above the outstanding
24 principal balance of the existing high-rate, high-fee
26 mortgage; or'

28 Further amend the bill in section 5 in subsection 12-A in
30 paragraph B in the first line (page 2, line 22 in L.D.) by
32 striking out the following: "borrower" and inserting in its place
34 the following: 'consumer' and in the 11th line (page 2, line 32
36 in L.D.) by striking out the following: "lender" and inserting in
38 its place the following: 'creditor' and in the 14th line (page 2,
40 line 35 in L.D.) by striking out the following: "borrower" and
42 inserting in its place the following: 'consumer'

44 Further amend the bill in section 6 in subsection 13-A in
46 the 3rd line (page 2, line 49 in L.D.) by striking out the
48 following: "borrower's" and inserting in its place the following:
50 'consumer's' and in the 5th line (page 3, line 1 in L.D.) by
52 striking out the following: "borrower's" and inserting in its
54 place the following: 'consumer's' and in the 6th line (page 3,
56 line 2 in L.D.) by striking out the following: "borrower" and
58 inserting in its place the following: 'consumer'

60 Further amend the bill in section 6 in subsection 13-B in
62 the 2nd line (page 3, line 6 in L.D.) by striking out the
64 following: "borrower" and inserting in its place the following:
66 'consumer'

68 Further amend the bill in section 6 by striking out all of
70 subsection 13-C (page 3, lines 10 to 26 in L.D.) and inserting in
72 its place the following:

74 '13-C. Beginning January 1, 2004, a creditor that makes a
76 high-rate, high-fee mortgage to a consumer and offers the
78 consumer the option to purchase an individual or group credit
80 life, accident, health, disability or unemployment insurance
82 product on a prepaid single premium basis must also offer the
84 consumer the option of purchasing that insurance product on a
86 monthly premium basis.

1 If a consumer purchases from a lender an individual or group
2 credit life, accident, health, disability or unemployment
4 insurance product, that consumer has the right to cancel the
6 insurance product at any time and receive a refund of any
8 unearned premiums paid. Notice of the right to cancel must be
10 sent by mail to the consumer by the creditor no later than 30
12 days after consummation. The notice must also disclose the type
14 of insurance product purchased, the cost of the product and the
16 procedure for canceling the product.'

18 Further amend the bill in section 7 by striking out all of
20 subsection 16-A (page 3, lines 31 to 35 in L.D.) and inserting in
22 its place the following:

24 '16-A. A creditor that makes a high-rate, high-fee mortgage
26 to a consumer and any assignee of that creditor have the
28 obligation, jointly and severally, to refund or credit the
30 consumer for any default charges, prepayment penalties or prepaid
32 finance charges collected in excess of the limits set forth in
34 this article.'

36 Further amend the bill in section 7 in subsection 16-B in
38 the 2nd line (page 3, line 38 in L.D.) by striking out the
40 following: "lender" and inserting in its place the following:
42 'creditor'

44 Further amend the bill in section 7 in subsection 18 in the
46 4th line (page 3, line 49 in L.D.) by striking out the following:
48 "financial lending activities of" and inserting in its place the
following: 'making of a high-rate, high-fee mortgage by'

Further amend the bill in section 7 in subsection 18 in
paragraph A in the 2nd line (page 4, line 2 in L.D.) by inserting
after the following: "Regulation" the following: 'or the Bureau
of Financial Institutions'

Further amend the bill in section 7 in subsection 18 in the
first blocked paragraph by striking out all of the last 4 lines
(page 4, lines 27 to 30 in L.D.) and inserting in their place the
following: 'business with a political subdivision based upon the
making of a high-rate, high-fee mortgage or imposing reporting
requirements or any other obligations upon persons regarding the
making of a high-rate, high-fee mortgage.'

Further amend the bill by relettering or renumbering any
nonconsecutive Part letter or section number to read
consecutively.

H. of S.

SUMMARY

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This amendment does the following.

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1. It makes technical changes in the bill to reflect the appropriate terms used in the Maine Consumer Credit Code.

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2. It clarifies the concurrent jurisdiction of the Department of Professional and Financial Regulation, Bureau of Financial Institutions with regard to high-rate, high-fee mortgages sold by banks, credit unions and other financial institutions.

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3. It extends the provision related to fees charged in association with refinancings to loans made within an 18-month period.

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4. It limits the provision preempting actions by municipalities to actions related to high-rate, high-fee mortgages.

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FISCAL NOTE REQUIRED

(See attached)

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121st Maine Legislature
Office of Fiscal and Program Review

LD 494

**An Act To Enhance Consumer Protections in Relation to Certain
Mortgages**

LR 1736(02)

Fiscal Note for Bill as Amended by Committee Amendment

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - Other Special Revenue