

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 614

S.P. 223

In Senate, February 11, 2003

An Act To Provide Parity in Lending by State-chartered Financial Institutions

Reference to the Committee on Insurance and Financial Services 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 MAYO of Sagadahoc.
Cosponsored by Representative O'NEIL of Saco and
Senator: LaFOUNTAIN of York, Representatives: CLOUGH of Scarborough, DAVIS of
Falmouth, DUPLESSIE of Westbrook, KOFFMAN of Bar Harbor, SIMPSON of Auburn,
SULLIVAN of Biddeford, TRAHAN of Waldoboro.

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

2 **Sec. 1. 9-A MRSA §2-509**, as enacted by PL 1973, c. 762, §1,
4 is amended to read:

6 **§2-509. Right to prepay**

8 Subject to the provisions on rebate upon prepayment, section
10 2-510, the consumer may prepay in full the unpaid balance of a
12 consumer credit transaction at any time without penalty, except
14 for minimum charges as permitted by law. Notwithstanding any
16 other provision of this Title, a reasonable charge may be
18 assessed upon a consumer related to prepayment of a consumer loan
20 secured by an interest in land if the charge is reasonably
22 calculated to offset the cost of origination of the loan.

24 **Sec. 2. 9-B MRSA §429, sub-§§2 and 3**, as repealed and replaced
26 by PL 1983, c. 679, §2, are amended to read:

28 **2. Payment of interest or dividends.** Each mortgagee
30 holding funds of a mortgagor in an escrow account on behalf of
32 itself or another mortgagee for the payment of taxes or insurance
34 premiums with respect to mortgaged property located in this State
36 shall pay the mortgagor, at least quarterly, dividends or
38 interest on the account at a rate of not less than 3% per year,
40 but when the mortgagee is a financial institution that offers
42 savings deposit or share accounts to consumers, the mortgagee
44 shall pay the mortgagor dividends or interest on the account at a
46 rate of not less than 1% per year, the institution is not
48 required to pay more than 3% per year on the escrowed funds. The
50 dividends or interest paid under this subsection may not be
reduced by any charge for service or maintenance of the account.

3. Computing and crediting interest. Under subsection 2,
in the case of escrow accounts offered by mortgagees other than
financial institutions offering savings deposit or share accounts
to consumers, interest shall ~~must~~ be computed on the daily
balances in the account from the date of receipt to the date of
disbursement and shall ~~must~~ be credited to the account as of the
last business day of each quarter of a calendar or fiscal year.
If ~~the~~ such an account is closed or discontinued before the last
business day of a quarter of a calendar or fiscal year, interest
~~shall must~~ be computed and credited as of the day the account is
closed or discontinued. For purposes of ~~this--section~~ the
foregoing calculations, the mortgagee may take into account debit
balances resulting from advances and may elect to compute
interest on the basis of the actual number of days in each
quarter and year, or on the basis of a 30-day month and a 360-day
year. At least once a year, the mortgagee, including financial
institutions offering savings deposit or share accounts to

2 consumers, shall give the mortgagor a statement showing the
interest credited on the escrow account during the period whieh
4 that the statement covers.

6 **Sec. 3. 9-B MRSA §439-A, sub-§2, ¶A,** as enacted by PL 1999, c.
205, §1, is amended to read:

8 A. The superintendent may grant a partial or full waiver of
the voting requirement for loans or other extensions of
10 credit ~~in excess of 10% of total capital~~ for good cause
shown. In granting this waiver, the superintendent shall
12 consider capital, management and resources of the financial
institution or other relevant factors as determined by the
14 superintendent.

16 SUMMARY

18 This bill is intended to update Maine's lending laws in
20 order to make Maine chartered institutions more competitive with
nationally chartered institutions.

22 The bill gives Maine lenders the same ability as
24 out-of-state or national bank lenders to assess reasonable
prepayment charges on adjustable-rate mortgages.

26 The bill allows state-chartered banks and credit unions to
28 adjust interest rates on escrow accounts as they are permitted to
do on savings or share accounts, while maintaining a fair rate
30 for consumers.

32 The bill expands the authority of the Superintendent of
Financial Institutions within the Department of Professional and
34 Financial Regulation to waive an aspect of the
loans-to-one-borrower rules for well-capitalized institutions.