

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 1035

H.P. 752

House of Representatives, February 26, 2003

An Act To Protect Reorganized Businesses

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative MOODY of Manchester.
Cosponsored by Representatives: ADAMS of Portland, BIERMAN of Sorrento, FLETCHER of Winslow, KETTERER of Madison, McGLOCKLIN of Embden, SAVIELLO of Wilton.

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

4 **Sec. 1. 11 MRSA §9-1600** is enacted to read:

6 **§9-1600. Delay of foreclosure following bankruptcy**

8 Notwithstanding any agreement or law to the contrary, a
10 secured party may not initiate judicial proceedings to foreclose
12 a secured interest, take possession of collateral used as
14 security or otherwise enforce rights against such collateral
16 until at least 180 days after the conclusion of a proceeding
18 regarding the creditor under chapter 11 or chapter 13 of the
20 United States Bankruptcy Code, 11 United States Code. This
22 section applies only if the debtor is in default for less than 90
24 days.

26 **Sec. 2. 14 MRSA §6200** is enacted to read:

28 **§6200. Delay of foreclosure following bankruptcy**

30 Notwithstanding any other law, a secured party may not take
32 any action under this chapter to foreclose a mortgage secured by
34 real property until at least 180 days after the conclusion of a
36 proceeding regarding the mortgagor under chapter 11 or chapter 13
38 of the United States Bankruptcy Code, 11 United States Code.
This section applies only if the mortgagor is in default for less
than 90 days.

SUMMARY

This bill prohibits a secured creditor from foreclosing on real estate or other property used as collateral for at least 180 days after the conclusion of "chapter 11" or "chapter 13" bankruptcy proceedings relating to the creditor under the United States Bankruptcy Code. This delay allows the business or individual time to stabilize the finances of the person or business.