

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 1703

H.P. 1186

House of Representatives, March 23, 2007

An Act To Regulate Presettlement Lawsuit Funding

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

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

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative TREAT of Farmingdale.

Cosponsored by Representatives: BRAUTIGAM of Falmouth, CLEARY of Houlton, HINCK of Portland, PRIEST of Brunswick, Senators: DAMON of Hancock, MILLS of Somerset.

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

2 **Sec. 1. 9-A MRSA §1-301, sub-§40**, as amended by PL 1987, c. 396, §8, is
3 further amended to read:

4 **40.** "Supervised loan" means a consumer loan, including a loan made pursuant to
5 open end credit, in which the rate of the finance charge, calculated according to the
6 actuarial method, exceeds 12 1/4% per year, or ~~which~~ that is secured by an interest in real
7 estate. "Supervised loan" includes a loan or advance made to a civil litigant who is a
8 Maine resident without regard to whether the loan or advance is secured by an interest in
9 property or must be repaid based on the outcome of the litigation.

10

SUMMARY

11 This bill clarifies that presettlement lawsuit funding constitutes supervised lending
12 subject to the Maine Consumer Credit Code. As a result, lenders who engage in this type
13 of lending would be required to be licensed to operate in the State and make the loans
14 subject to the same interest rate limits and disclosure requirements as other consumer
15 loans.