

MAINE STATE LEGISLATURE

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R.O.S.

1
2 Date: 5/29/07

L.D. 1869
(Filing No. H-354)

3 **INSURANCE AND FINANCIAL SERVICES**

4 Reproduced and distributed under the direction of the Clerk of the House.

5 **STATE OF MAINE**
6 **HOUSE OF REPRESENTATIVES**
7 **123RD LEGISLATURE**
8 **FIRST REGULAR SESSION**

9 COMMITTEE AMENDMENT "A" to H.P. 1301, L.D. 1869, Bill, "An Act To
10 Protect Maine Homeowners from Predatory Lending"

11 Amend the bill by inserting after the enacting clause and before section 1 the
12 following:

13 **'PART A'**

14 Amend the bill in section 2 in §6-105-A in subsection 1 in the first line (page 1, line
15 15 in L.D.) by inserting after the following: "rules" the following: 'consistent with the
16 principles for operation and implementation established by the system.'

17 Amend the bill in section 2 in §6-105-A by inserting after subsection 2 the following:

18 'Any information provided by or to the administrator pursuant to this section that has
19 been designated as confidential by another state's regulatory agency remains the property
20 of the agency furnishing the information and must be kept confidential by the
21 administrator and the system except as authorized by the agency that furnished the
22 information.'

23 Amend the bill in section 4 in subsection 1-A by inserting after paragraph F the
24 following:

25 'G. "Bureau of Consumer Credit Protection" has the same meaning as set out in
26 section 6-103.'

27 Amend the bill in section 4 in subsection 1-A in paragraph V in subparagraph (2) in
28 the last line (page 4, line 33 in L.D.) by striking out the following: "3500.2; and" and
29 inserting the following: '3500.2;'

30 Amend the bill in section 4 in subsection 1-A in paragraph V in subparagraph (3) in
31 the last line (page 4, line 35 in L.D.) by striking out the following: "purposes." and
32 inserting the following: 'purposes; and'

COMMITTEE AMENDMENT

A. of S.

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1 Amend the bill in section 4 in subsection 1-A in paragraph V by inserting after
2 subparagraph (3) the following:

3 '(4) The loan is not a construction loan.'

4 Amend the bill in section 4 in subsection 1-A by inserting after paragraph Z the
5 following:

6 'AA. "Subprime mortgage loan" means either a nontraditional mortgage as defined
7 in paragraph S or a rate spread home loan as defined in paragraph U.

8 BB. "Superintendent of Consumer Credit Protection" has the same meaning as set
9 out in section 6-103.'

10 Amend the bill in section 4 in subsection 1-A by relettering the paragraphs to read
11 consecutively.

12 Amend the bill in section 19 in §8-206-C in subsection 1 in the 3rd line (page 7, line
13 9 in L.D.) by striking out the following: "30" and inserting the following: '30-A'

14 Amend the bill in section 19 in §8-206-C in subsection 1 in paragraph G in the 4th
15 and 5th lines (page 7, lines 39 and 40 in L.D.) by striking out the following: "regulatory
16 agency that has jurisdiction over the creditor" and inserting the following: 'Bureau of
17 Consumer Credit Protection'

18 Amend the bill in section 20 in §8-206-D in subsection 1 in paragraph B in the last
19 line (page 9, line 31 in L.D.) by inserting after the following: "loan." the following: 'The
20 administrator shall adopt rules defining with reasonable specificity the requirements for
21 compliance with this paragraph. Rules adopted pursuant to this paragraph are routine
22 technical rules pursuant to Title 5, chapter 375, subchapter 2-A.'

23 Amend the bill in section 20 in §8-206-D in subsection 1 by striking out all of
24 paragraph G (page 10, lines 15 to 43 and page 11, lines 1 to 4 in L.D.) and inserting the
25 following:

26 'G. A subprime mortgage loan may not be extended to a borrower unless a
27 reasonable creditor would believe at the time the loan is closed that the borrower will
28 be able to make the scheduled payments associated with the loan.

29 (1) The determination of a borrower's reasonable ability to repay a subprime
30 mortgage loan must include, but may not be limited to, consideration of the
31 borrower's income, including statements submitted by or on behalf of the
32 borrower in the loan application, except that a creditor may not disregard facts
33 and circumstances that indicate that the income statements submitted by or on
34 behalf of the borrower are inaccurate or incomplete, credit history, current
35 obligations and employment status; the debt-to-income ratio of the borrower's
36 monthly gross income, including the costs of property taxes and insurance; and
37 other available financial resources other than the borrower's equity in the
38 principal dwelling that secures or would secure the subprime mortgage loan.

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1 (2) The calculation assumptions used in evaluating the ability to repay for
2 subprime mortgage loans must include:

3 (a) The monthly payment amounts based on, at a minimum, the fully indexed
4 rate, assuming a fully amortizing repayment schedule;

5 (b) Verification of all sources of income by tax returns, payroll receipts, bank
6 records, reasonable alternative or reasonable 3rd-party verification; and

7 (c) For products that permit negative amortization, the repayment analysis
8 based upon the initial loan amount plus any balance increase that may accrue
9 from the negative amortization provision.

10 (3) The administrator shall adopt, amend and repeal routine technical rules in
11 accordance with Title 5, chapter 375, subchapter 2-A defining with reasonable
12 specificity the requirements set forth in subparagraphs (1) and (2). In adopting
13 rules under this subparagraph, the administrator shall give due consideration and
14 weight to the following federal regulations and guidelines, as amended from time
15 to time:

16 (a) Final Interagency Guidance on Nontraditional Mortgage Product Risks;

17 (b) Credit Risk Management Guidance for Home Equity Lending;

18 (c) Expanded Guidance for Subprime Lending Programs; and

19 (d) Interagency Guidance on Subprime Lending.'

20 Amend the bill in section 20 in §8-206-D in subsection 2 in paragraph A in the 3rd
21 line (page 11, line 9 in L.D.) by inserting after the following: "action." the following: 'The
22 borrower shall pay any reasonable costs incurred by the creditor or servicer before the
23 cure of default.'

24 Amend the bill in section 20 in §8-206-D in subsection 2 by striking out all of
25 paragraph B (page 11, lines 13 to 14 in L.D.) and inserting the following:

26 'B. A borrower has the right to cure a default once in a 12-month period.'

27 Amend the bill in section 21 in §8-206-E in subsection 1 in the last line (page 11, line
28 33 in L.D.) by inserting after the following: "loan." the following: 'This section does not
29 apply to a purchaser or assignee of a residential mortgage loan except as permitted in
30 section 8-206-C, subsection 2.'

31 Amend the bill in section 21 in §8-206-E in subsection 2 in paragraph C in the first
32 line (page 12, line 7 in L.D.) by inserting after the following: "damages" the following:
33 'for violations of section 8-206-C or section 8-206-D, subsection 1, paragraph B'

34 Amend the bill in section 21 in §8-206-E by striking out all of subsection 6 (page 12,
35 lines 24 to 30 in L.D.) and inserting the following:

36 '6. Any person who knowingly violates section 8-206-A or 8-206-C is guilty of a
37 Class E crime.'

R. of S.

1 Amend the bill by striking out all of section 22 and inserting the following:

2 'Sec. 22. 9-A MRSA §8-206-F is enacted to read:

3 **§8-206-F. Investigative and legal compliance personnel**

4 1. The Superintendent of Consumer Credit Protection shall establish the following
5 positions:

6 A. A position with the responsibility for promoting compliance with, and
7 investigating alleged violations of, the provisions of this section by entities or
8 individuals subject to the jurisdiction of the Bureau of Consumer Credit Protection;
9 and

10 B. A staff attorney position with the responsibility for compliance with, and
11 enforcement of the provisions of, this section by entities or individuals subject to the
12 jurisdiction of the Bureau of Consumer Credit Protection.

13 2. Notwithstanding section 6-203, subsection 3-C, the Superintendent of Consumer
14 Credit Protection may by rule adjust the fees paid with respect to creditors that are not
15 supervised financial organizations making residential mortgage loans to support the costs
16 of the positions established in subsection 1. Rules adopted pursuant to this subsection are
17 major substantive rules as defined in Title 5, chapter 375, subchapter 2-A.

18 Sec. 23. 9-A MRSA §8-206-G is enacted to read:

19 **§8-206-G. Annual report to Legislature**

20 The Superintendent of Consumer Credit Protection shall report to the Legislature by
21 January 15th of each year regarding the status of mortgage lending in this State and any
22 unfair, deceptive or abusive mortgage lending practices that affect consumers. The report
23 must include, but is not limited to, information on consumer complaints relating to
24 mortgage lending, any enforcement actions, the number of foreclosures in the State, and
25 support for financial literacy and consumer education and counseling. In preparing the
26 report, the superintendent shall consult with the Bureau of Financial Institutions and the
27 Attorney General.'

28 Amend the bill by inserting after section 28 the following:

29 'Sec. 29. 9-A MRSA §10-303-A is enacted to read:

30 **§10-303-A. Good faith and fair dealing**

31 1. A loan broker shall, in addition to duties imposed by other statutes or at common
32 law:

33 A. Act in good faith and with fair dealing in any transaction, practice or course of
34 business in connection with the brokering or making of any mortgage loan;

35 B. Safeguard and account for any money handled for the borrower;

36 C. Follow reasonable and lawful instructions from the borrower;

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- 1 D. Use reasonable skill, care and diligence;
- 2 E. Timely and clearly disclose to the borrower material information that might
- 3 reasonably affect the borrower's rights, interests or ability to receive the borrower's
- 4 intended benefit from the residential mortgage loan, including the total compensation
- 5 the broker would receive from any of the loan options the broker presents to the
- 6 borrower; and
- 7 F. Make reasonable efforts to secure a loan that is reasonably advantageous to the
- 8 borrower considering all the circumstances, including the rates, charges and
- 9 repayment terms of the loan.

10 2. The duties and standards of care created in this section may not be waived or

11 modified.'

12 Amend the bill in section 33 in the first and 2nd lines (page 16, lines 14 and 15 in

13 L.D.) by striking out the following: "Director of the Office of Consumer Credit

14 Regulation" and inserting the following: 'Superintendent of Consumer Credit Protection'

15 Amend the bill by striking out all of section 35 and inserting the following:

16 '**Sec. 35. Application.** That section of this Part that amends the Maine Revised

17 Statutes, Title 9-A, section 8-206-A and those sections of this Part that enact Title 9-A,

18 section 8-103, subsection 1-A and Title 9-A, sections 8-206-C, 8-206-D and 8-206-E

19 apply to all residential mortgage loans and high-rate, high-fee mortgages originated or

20 entered into on or after the effective date of this Part. '

21 Amend the bill in section 36 in the last line (page 16, line 35 in L.D.) by striking out

22 the following: "Act." and inserting the following: 'Part.'

23 Amend the bill in section 37 in subsection 1 in the next to the last line (page 17, line

24 3 in L.D.) by striking out the following: "Act" and inserting the following: 'Part'

25 Amend the bill in section 37 in subsection 2 in the first line (page 17, line 5 in L.D.)

26 by striking out the following: "Act" and inserting the following: 'Part'

27 Amend the bill by striking out all of section 38 and inserting the following:

28 '**Sec. 38. Rulemaking.** The Superintendent of Consumer Credit Protection and the

29 Superintendent of Financial Institutions shall adopt rules as authorized by the Maine

30 Revised Statutes, Title 9-A, section 8-206-D, subsection 1, paragraph B before January 1,

31 2008.

32 **Sec. 39. Effective date.** That section of this Part that enacts the Maine Revised

33 Statutes, Title 9-A, section 8-206-F takes effect 90 days after adjournment of the 123rd

34 Legislature. The remainder of this Part takes effect January 1, 2008.

PART B

36 **Sec. B-1. 2 MRSA §6, sub-§2,** as repealed and replaced by PL 2005, c. 683, Pt.

37 A, §1, is amended to read:

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COMMITTEE AMENDMENT "A" to H.P. 1301, L.D. 1869

- 1 **2. Range 90.** The salaries of the following state officials and employees are within
- 2 salary range 90:
- 3 Superintendent of Financial Institutions;
- 4 Superintendent of Consumer Credit Protection;
- 5 State Tax Assessor;
- 6 Superintendent of Insurance;
- 7 Executive Director of the Maine Consumer Choice Health Plan;
- 8 Deputy Commissioner, Department of Administrative and Financial Services;
- 9 Associate Commissioner for Adult Services, Department of Corrections;
- 10 Associate Commissioner for Juvenile Services, Department of Corrections;
- 11 Public Advocate;
- 12 Deputy Commissioner of Integrated Services, Department of Health and Human
- 13 Services;
- 14 Deputy Commissioner of Health, Integrated Access and Strategy, Department of
- 15 Health and Human Services;
- 16 Chief Information Officer;
- 17 Associate Commissioner for Legislative and Program Services, Department of
- 18 Corrections; and
- 19 Chief of the State Police.

20 **Sec. B-2. 2 MRSA §6, sub-§4,** as amended by PL 2005, c. 405, Pt. D, §3, is

21 further amended to read:

- 22 **4. Range 88.** The salaries of the following state officials and employees are within
- 23 salary range 88:
- 24 Director, Bureau of Employee Relations;
- 25 Director, Bureau of Air Quality;
- 26 Director, Bureau of Land and Water Quality;
- 27 Director, Bureau of Remediation and Waste Management;
- 28 Deputy Commissioner, Environmental Protection;
- 29 ~~Director, Office of Consumer Credit Regulation;~~
- 30 Director, Office of Licensing and Registration;
- 31 Administrator, Office of Securities; and
- 32 Deputy Chief of the State Police.

33 **Sec. B-3. 9-A MRSA §6-103,** as amended by PL 1995, c. 502, Pt. H, §2, is

34 repealed and the following enacted in its place:

1 **§6-103. Administration**

2 There is created and established the Bureau of Consumer Credit Protection within the
3 Department of Professional and Financial Regulation. The Superintendent of Consumer
4 Credit Protection is the head of the Bureau of Consumer Credit Protection. As used in
5 this Act, and except as provided in section 1-301, subsection 2, "administrator" means the
6 Superintendent of Consumer Credit Protection. The administrator is appointed by the
7 Governor and subject to review by the joint standing committee of the Legislature having
8 jurisdiction over insurance and financial services matters and to confirmation by the
9 Legislature. The administrator is appointed for a 5-year term, or until a successor is
10 appointed and qualified. Any vacancy occurring must be filled by appointment for the
11 unexpired portion of the term. The administrator may be removed from office for cause
12 by the Governor and Title 5, section 931, subsection 2 does not apply.

13 **Sec. B-4. Transition provisions.** The following provisions govern the transition
14 of the Office of Consumer Credit Regulation to the Bureau of Consumer Credit
15 Protection.

16 1. The Bureau of Consumer Credit Protection is the successor in every way to the
17 powers, duties and functions of the former Office of Consumer Credit Regulation.

18 2. The current Director of the Office of Consumer Credit Regulation becomes the
19 acting Superintendent of Consumer Credit Protection and shall serve in that capacity until
20 a successor is appointed and qualified in accordance with the Maine Revised Statutes,
21 Title 9-A, section 6-103.

22 3. All existing rules, regulations and procedures in effect, in operation or adopted in
23 or by the Office of Consumer Credit Regulation or any of its administrative units or
24 officers are hereby declared in effect and continue in effect until rescinded, revised or
25 amended by the proper authority.

26 4. All existing contracts, agreements and compacts currently in effect in the Office of
27 Consumer Credit Regulation continue in effect.

28 5. Any positions authorized and allocated subject to the personnel laws to the former
29 Office of Consumer Credit Regulation are transferred to the Bureau of Consumer Credit
30 Protection and may continue to be authorized.

31 6. All records, property and equipment previously belonging to or allocated for the
32 use of the former Office of Consumer Credit Regulation become, on the effective date of
33 this Part, part of the property of the Bureau of Consumer Credit Protection.

34 7. All existing forms, licenses, letterheads and similar items bearing the name of or
35 referring to the Office of Consumer Credit Regulation may be used by the Bureau of
36 Consumer Credit Protection.

37 **Sec. B-5. Maine Revised Statutes amended; revision clause.** Wherever in
38 the Maine Revised Statutes the words "Office of Consumer Credit Regulation" appear or
39 reference is made to that entity or those words, those words are amended to read or mean,
40 as appropriate, "Bureau of Consumer Credit Protection" or "bureau," and the Revisor of
41 Statutes shall implement this revision when updating, publishing or republishing the
42 statutes.

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 1301, L.D. 1869

1 **Sec. C-3. 9-A MRSA §8-104, sub-§4**, as enacted by PL 1997, c. 155, Pt. C, §2,
2 is amended to read:

3 **4.** The administrator may exempt, by rule, from all or part of this Title any class of
4 transactions, other than transactions involving a mortgage described in section 8-103,
5 subsection ~~1-A~~, paragraph ~~F-1 P~~, for which, in the determination of the administrator,
6 coverage under all or part of this Title does not provide a meaningful benefit to
7 consumers in the form of useful information or protection. In determining which classes
8 of transactions to exempt in whole or in part under this subsection, the administrator shall
9 consider the following factors:

10 A. The amount of the loans and whether the disclosures, right of rescission and
11 other provisions provide a benefit to the consumers who are parties to such
12 transactions, as determined by the administrator;

13 B. The extent to which the requirements of this Title complicate, hinder or make
14 more expensive the credit process for the class of transactions;

15 C. The status of the borrowers, including:

16 (1) Any related financial arrangements of the borrowers, as determined by the
17 administrator;

18 (2) The financial sophistication of the borrowers relative to the type of
19 transaction; and

20 (3) The importance to the borrowers of the credit, related supporting property
21 and coverage under this Title, as determined by the administrator;

22 D. Whether a loan is secured by the principal residence of the consumer; and

23 E. Whether the goal of consumer protection would be undermined by such an
24 exemption.

25 **Sec. C-4. 9-A MRSA §8-105, sub-§6, ¶B**, as enacted by PL 1995, c. 614, Pt. B,
26 §3 and affected by §4, is amended to read:

27 B. For purposes of section 8-204:

28 (i) If, except as provided in subparagraph (ii), the amount disclosed as the
29 finance charge does not vary from the actual finance charge by more than an
30 amount equal to 1/2 of 1% of the total amount of credit extended; or

31 (ii) In the case of a transaction, other than a high-rate, high-fee mortgage as
32 defined in section 8-103, subsection ~~1-A~~, paragraph ~~F-1 P~~, that:

33 (a) Is a refinancing of the principal balance then due and any accrued and
34 unpaid finance charges of a residential mortgage transaction, as defined in
35 section 8-103, subsection ~~1-A~~, paragraph ~~H W~~, or is any subsequent
36 refinancing of such a transaction; and

37 (b) Does not provide any new consolidation or new advance, if the amount
38 disclosed as the finance charge does not vary from the actual finance charge
39 by more than an amount equal to 1% of the total amount of credit extended.

COMMITTEE AMENDMENT

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COMMITTEE AMENDMENT "A" to H.P. 1301, L.D. 1869

1 **Sec. C-5. 9-A MRSA §8-106-A**, as enacted by PL 1995, c. 326, §4, is amended
2 to read:

3 **§8-106-A. Number of percentage points**

4 **1.** Beginning 2 years after the effective date of the regulations adopted under the
5 federal Riegle Community Development and Regulatory Improvement Act of 1994,
6 Public Law No. 103-325, Section 155, 108 Stat. 2160, 2197 (1994) and no more often
7 than biennially after the first increase or decrease in the number of percentage points
8 under this section, the administrator may by rule increase or decrease the number of
9 percentage points specified in section 8-103, subsection ~~+~~ 1-A, paragraph ~~F-1~~,
10 ~~subparagraph (1) P~~ if the administrator determines that the increase or decrease is:

11 A. Consistent with the consumer protection against abusive lending provided by
12 amendments made by the federal Riegle Community Development and Regulatory
13 Improvement Act of 1994, Title I, subtitle B, Public Law No. 103-325, 108 Stat.
14 2160, 2190 (1994); and

15 B. Warranted by the need for credit.

16 **2.** An increase or decrease under subsection 1 may not result in the number of
17 percentage points referred to in subsection 1 being less than 8 percentage points or greater
18 than 12 percentage points.

19 **3.** In determining whether to increase or decrease the number of percentage points
20 referred to in subsection 1, the administrator shall consult with representatives of
21 consumers, including low-income consumers, and lenders.

22 The dollar amount specified in section 8-103, subsection ~~+~~ 1-A, paragraph ~~F-1~~,
23 ~~subparagraph (2) P~~ must be adjusted annually on January 1st by the annual percentage
24 change in the Consumer Price Index, as reported on June 1st of the year preceding the
25 adjustment.

26 This section may not be construed to limit the rate of interest or the finance charge
27 that a person may charge a consumer for an extension of credit.

28 **Sec. C-6. 9-A MRSA §8-204, sub-§5, ¶A**, as enacted by PL 1981, c. 243, §25,
29 is amended to read:

30 A. A residential mortgage transaction as defined in section 8-103, subsection ~~+~~ 1-A,
31 paragraph ~~H W~~;

32 **Sec. C-7. 9-A MRSA §8-206-A, sub-§15**, as enacted by PL 1995, c. 326, §5, is
33 amended to read:

34 **15.** The administrator may, by rule or order, exempt specific mortgage products or
35 categories of mortgages from any of the prohibitions specified in subsections ~~6 to 13~~ 10
36 and 11-A if the administrator finds that the exemption:

37 A. Is in the interest of the borrowing public; and

38 B. Applies only to products that maintain and strengthen home ownership and
39 equity protection.

1 **Sec. C-8. 9-A MRSA §8-209, sub-§4, ¶A**, as enacted by PL 1995, c. 614, Pt. A,
 2 §14, is amended to read:

3 A. Any person who purchases or is otherwise assigned a high-rate, high-fee
 4 mortgage, as defined in section 8-103, subsection ~~1~~ 1-A, paragraph ~~F~~ P, is subject
 5 to all claims and defenses with respect to that mortgage that the consumer may assert
 6 against the creditor of the mortgage, unless the purchaser or assignee demonstrates by
 7 a preponderance of the evidence that a reasonable person exercising ordinary due
 8 diligence could not determine, based on the documentation required by this Title, the
 9 itemization of the amount financed and other disclosure of disbursements, that the
 10 mortgage was a high-rate, high-fee mortgage. This paragraph does not affect rights
 11 of a consumer under subsection 1, 2 or 3 or any other provision of this Title.

12 **Sec. C-9. 9-A MRSA §8-209, sub-§4, ¶D**, as enacted by PL 1995, c. 614, Pt. A,
 13 §14, is amended to read:

14 D. Any person who sells or otherwise assigns a high-rate, high-fee mortgage, as
 15 defined in section 8-103, subsection ~~1~~ 1-A, paragraph ~~F~~ P, shall include a
 16 prominent notice of the potential liability under this subsection as determined by the
 17 administrator.

18 **Sec. C-10. 10 MRSA §1141, sub-§2**, as enacted by PL 1991, c. 261, is amended
 19 to read:

20 **2. Credit card issuer.** "Credit card issuer" has the same meaning as "card issuer,"
 21 as defined in Title 9-A, section 8-103, subsection ~~1~~ 1-A, paragraph ~~D~~ H.

22 **Sec. C-11. Appropriations and allocations.** The following appropriations and
 23 allocations are made.

24 **PROFESSIONAL AND FINANCIAL REGULATION, DEPARTMENT OF**

25 **Office of Consumer Credit Regulation 0091**

26 Initiative: Allocates funds for a Chief Field Investigator position with responsibility for
 27 investigating complex allegations of mortgage-related violations, including directing and
 28 overseeing the office's fact-gathering process, and for supervising the investigative
 29 activities of existing compliance examination staff and allocates for a Staff Attorney
 30 position with responsibility for compliance and enforcement as provided under the Maine
 31 Revised Statutes, Title 9-A, section 8-206-F.

32	OTHER SPECIAL REVENUE FUNDS	2007-08	2008-09
33	POSITIONS - LEGISLATIVE COUNT	2.000	2.000
34	Personal Services	\$111,196	\$156,841
35	All Other	\$22,514	\$20,144
36			
37	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$133,710</u>	<u>\$176,985</u>

38 **Office of Consumer Credit Regulation 0091**

COMMITTEE AMENDMENT "A" to H.P. 1301, L.D. 1869

1 Initiative: Allocates funds for the reclassification of the Director of the Office of
2 Consumer Credit Regulation position to Superintendent of Consumer Credit Protection.

3	OTHER SPECIAL REVENUE FUNDS	2007-08	2008-09
4	Personal Services	\$8,061	\$15,785
5			
6	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$8,061</u>	<u>\$15,785</u>

7	PROFESSIONAL AND FINANCIAL		
8	REGULATION, DEPARTMENT OF		
9	DEPARTMENT TOTALS	2007-08	2008-09
10			
11	OTHER SPECIAL REVENUE FUNDS	\$141,771	\$192,770
12			
13	DEPARTMENT TOTAL - ALL FUNDS	<u>\$141,771</u>	<u>\$192,770</u>

14
15 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
16 section number to read consecutively.

17 **SUMMARY**

- 18 This amendment does the following.
- 19 1. It clarifies that implementation of the multistate licensing system must reflect
20 principles agreed upon by the Conference of State Bank Supervisors and the American
21 Financial Services Association.
 - 22 2. It clarifies that records provided to the administrator that are confidential must be
23 maintained as confidential and not disclosed except as authorized.
 - 24 3. It clarifies that construction loans are excluded from the definition of "residential
25 mortgage loan."
 - 26 4. It adds a definition of "subprime mortgage loan."
 - 27 5. It clarifies that counseling organizations must be approved by the United States
28 Department of Housing and Urban Development, the Maine State Housing Authority or
29 the Department of Professional and Financial Regulation, Bureau of Consumer Credit
30 Protection.
 - 31 6. It requires rulemaking to further define tangible net benefit before January 1,
32 2008.
 - 33 7. It clarifies that the provision requiring a creditor to determine a borrower's
34 reasonable ability to pay before making a loan applies only to subprime mortgage loans.



123rd MAINE LEGISLATURE

LD 1869

LR 108(02)

An Act To Protect Maine Homeowners from Predatory Lending

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

Fiscal Note

Potential current biennium revenue increase - Other Special Revenue Funds

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
Appropriations/Allocations				
Other Special Revenue Funds	\$141,771	\$192,770	\$202,264	\$211,000

Correctional and Judicial Impact Statements

- This bill may increase the number of civil suits filed in the court system.
- The collection of additional filing fees may also increase General Fund revenue by minor amounts.
- Establishes new Class E crimes.
- The collection of additional fines may also increase General Fund revenue by minor amounts.

Fiscal Detail and Notes

Allocates funds for the personal services and other costs of establishing two positions as provided under Sec. A-22 of the bill. Also allocates funds for the reclassification of the Director of the Office of Consumer Credit Regulation position to Superintendent of Consumer Credit Protection. The Office of Consumer Credit Regulation in the Department of Professional and Financial Regulation will attempt to absorb the costs of the new positions within existing resources but may ultimately need to rely on increased assessments on non-bank lenders and mortgage brokers as provided in the bill. The costs of the reclassification and any additional costs of the bill can be absorbed utilizing existing budget resources.

The additional costs to the Department of the Attorney General can be absorbed utilizing existing budgeted resources.