

# MAINE STATE LEGISLATURE

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# 124th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2009

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**Legislative Document**

**No. 503**

S.P. 198

In Senate, February 12, 2009

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### **An Act To Regulate Foreclosure Negotiators**

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator BOWMAN of York.  
Cosponsored by Representative TREAT of Hallowell.

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

2 **Sec. 1. 32 MRSA §6183** is enacted to read:

3 **§6183. Debt management services related to residential mortgage loans**

4 A person that engages in debt management services as described in section 6172,  
5 subsection 2, paragraph D related to a consumer's residential mortgage loan shall comply  
6 with the requirements of this chapter governing debt management service providers,  
7 except for section 6174-B, section 6177, subsection 1 and section 6179, subsections 1 and  
8 3. In addition, the consumer's right to cancel the agreement by providing a written notice  
9 of cancellation to the other party pursuant to section 6176, subsection 2, paragraph E is  
10 effective for only 7 calendar days after the agreement is signed by the consumer.

11 **Sec. 2. Effective date.** This Act takes effect January 1, 2010.

12 **SUMMARY**

13 This bill clarifies that businesses acting as foreclosure negotiators relating to  
14 residential mortgages are subject to the laws regulating debt management service  
15 providers, but exempts those businesses from certain provisions of current law, such as  
16 the requirements to provide credit counseling services and to provide the consumer with  
17 certain internal business records. In addition, since foreclosure negotiators arrange for  
18 the purchase of property, the bill establishes a 7-day period during which an agreement  
19 may be cancelled as opposed to the current law's ongoing right to cancel, which is  
20 tailored to the activities of traditional debt management service providers. The bill  
21 retains consumer protections such as the requirement to register with the Department of  
22 Professional and Financial Regulation, Bureau of Consumer Credit Protection, post a  
23 surety bond to ensure compliance and accountability with the law and provide written  
24 agreements to consumers. The bill has an effective date of January 1, 2010.