

MAINE STATE LEGISLATURE

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128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 1354

S.P. 462

In Senate, April 6, 2017

An Act Relating to Exempt Equity in a Primary Residence

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

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator CARPENTER of Aroostook.

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

2 **Sec. 1. 9-B MRSA §439-B** is enacted to read:

3 **§439-B. Notice of exempt equity**

4 At the time of application, a financial institution that intends to make a secondary or
5 home equity loan or refinance an existing loan on property that is the primary residence
6 of the loan applicant shall inform the loan applicant of the total amount of exempt equity
7 in the property under Title 14, section 4422, subsection 1 in a form substantially similar
8 to:

9 "NOTICE OF OPTIONS REGARDING THE EXEMPT EQUITY IN A PRIMARY
10 RESIDENCE

11 You have applied to refinance your primary residence. If you are doing so to pay credit
12 card or other unsecured debt, you should know that based upon the fair market value of
13 your primary residence there is approximately \$..... of unsecured EQUITY in
14 your primary residence.

15 Under Maine law, the unsecured EQUITY in your primary residence may be EXEMPT
16 (off-limits) to unsecured creditors to attach by lien or otherwise obtain by debt collection
17 efforts and actions, including court actions. You have a right to seek legal advice about
18 your rights as a Maine homeowner regarding the alternatives you have BEFORE you use
19 your EXEMPT assets and refinance your primary residence to pay credit card and other
20 unsecured debt. If you cannot afford an attorney, the financial institution receiving this
21 application can provide you with referrals to legal services organizations in your area."

22 The financial institution shall maintain a list of available legal services organizations
23 for low-income persons to provide to an applicant who requests a referral for legal
24 services under this section.

25 **SUMMARY**

26 This bill requires a financial institution that makes a secondary or home equity loan
27 or refinances an existing loan on a primary residence to inform the loan applicant of the
28 total amount of equity in the residence that is exempt from unsecured creditors and
29 provides a sample form for financial institutions to use to inform the applicant, including
30 offering a referral to legal services organizations for a low-income applicant.