

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND TWENTY-SIXTH LEGISLATURE

FIRST SPECIAL SESSION
August 29, 2013

SECOND REGULAR SESSION
January 8, 2014 to May 2, 2014

THE EFFECTIVE DATE FOR
FIRST SPECIAL SESSION
EMERGENCY LAW IS
SEPTEMBER 6, 2013

THE GENERAL EFFECTIVE DATE FOR
SECOND REGULAR SESSION
NON-EMERGENCY LAWS IS
AUGUST 1, 2014

PUBLISHED BY THE REVISOR OF STATUTES
IN ACCORDANCE WITH THE MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

Augusta, Maine
2014

(5) The loan is secured by the borrower's principal dwelling.

M. "Servicing" has the same meaning as set forth in ~~24 12~~ Code of Federal Regulations, Section ~~3500.2 1024.2~~ and includes any other activities or responsibilities undertaken in connection with a residential mortgage loan by a person who acts as a servicer with respect to that residential mortgage loan, including collection and default management functions.

Sec. 9. 9-A MRSA §8-506, sub-§2, as enacted by PL 2011, c. 427, Pt. A, §15, is amended to read:

2. High-cost mortgage loans; restrictions. A high-cost mortgage loan is subject to the provisions applying to certain closed-end home mortgages covered by Regulation Z, 12 Code of Federal Regulations, Section ~~226.32 1026.32~~ and the following restrictions.

A. In connection with a high-cost mortgage loan, a creditor may not directly or indirectly finance any points or fees.

B. In addition to the limitation on balloon payments found in Regulation Z, 12 Code of Federal Regulations, Section ~~226.32 1026.32~~, a high-cost mortgage loan may not contain a scheduled payment that is more than twice as large as the average of earlier scheduled payments. This paragraph does not apply when the payment schedule is adjusted to the seasonal or irregular income of the borrower.

C. A creditor may not make a high-cost mortgage loan without first receiving certification from a counselor with a 3rd-party, nonprofit organization approved by the United States Department of Housing and Urban Development, a housing financing agency of this State or the Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection that the borrower has received counseling on the advisability of the loan transaction.

D. A prepayment fee or penalty may not be included in the loan documents or charged under the terms of a high-cost mortgage loan.

Sec. 10. 9-A MRSA §8-507, as enacted by PL 2011, c. 427, Pt. A, §15, is amended to read:

§8-507. Exemption from the Federal Truth in Lending Act

1. Preservation of federal exemption. As required by the Federal Truth in Lending Act, 15 United States Code, Section 1633 and its implementing regulation, Regulation Z, 12 Code of Federal Regulations, Section ~~226.29 1026.29~~, the administrator may take any action necessary to apply for or to preserve a determination by the ~~Federal Reserve Board~~ federal

Consumer Financial Protection Bureau or its successor agency that under the laws of this State any class of credit transactions within this State is subject to requirements substantially similar to federal requirements and that there are adequate provisions for enforcement of such requirements.

2. Application. This Article does not apply to any class of credit transactions within this State that is subject to the requirements of the Federal Truth in Lending Act, Title I of the federal Consumer Credit Protection Act unless any such class of transactions has first been exempted by a regulation of the ~~Board of Governors of the Federal Reserve Board~~ federal Consumer Financial Protection Bureau and that exemption remains in effect.

Sec. 11. 9-A MRSA §9-311-A, as amended by PL 2011, c. 427, Pt. B, §12, is further amended to read:

§9-311-A. Real estate settlement procedures

A creditor and its mortgage loan originators shall comply with the provisions of the federal Real Estate Settlement Procedures Act of 1974, 12 United States Code, Section 2601 et seq. and its implementing regulation, Regulation X, ~~24 12~~ Code of Federal Regulations, Section ~~3500 1024.1~~ et seq.

Sec. 12. 9-A MRSA §10-307, as amended by PL 2011, c. 427, Pt. B, §16, is further amended to read:

§10-307. Real estate settlement procedures

A loan broker and its mortgage loan originators shall comply with the provisions of 12 United States Code, Section 2601 et seq., the federal Real Estate Settlement Procedures Act of 1974 and its implementing regulation, Regulation X, ~~24 12~~ Code of Federal Regulations, Section ~~3500 1024.1~~ et seq.

See title page for effective date.

CHAPTER 465

S.P. 661 - L.D. 1666

An Act To Simplify the Audit Procedures of the Maine Rural Development Authority

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

Sec. 1. 5 MRSA §13120-K, sub-§2, as enacted by PL 2001, c. 703, §6, is amended to read:

2. Treasurer of State; annual financial report. The authority shall provide the Treasurer of State, within 120 days after the close of its fiscal year, its annual financial report certified by an independent certified public accountant, who may be the account-

ant or a member of the firm of accountants who regularly audits the books and accounts of the authority, selected by the authority. The authority shall also provide the Treasurer of State with an accounting of the authority's assets and liabilities at the end of its fiscal year. The authority is also subject to the provisions of chapter 11. The authority may combine for accounting purposes any or all funds established for its programs and activities. For any complete fiscal year that the authority contracts with the Finance Authority of Maine, or any other state agency or quasi-state agency that is required to submit to the Treasurer of State its own audited financial report, and the audited annual financial report of that state agency or quasi-state agency includes for accounting purposes the funds administered for the authority, the audited financial report of that state agency or quasi-state agency satisfies the requirements of this subsection.

See title page for effective date.

CHAPTER 466
S.P. 678 - L.D. 1712

**An Act To Make Technical
Corrections to the Maine
Consumer Credit Code To
Facilitate the Multistate
Licensing Process**

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

Sec. 1. 9-A MRSA §2-302, sub-§1, as amended by PL 2011, c. 427, Pt. B, §3, is repealed and the following enacted in its place:

1. The administrator shall receive and act on all applications for licenses to make supervised loans under this Act. Applications must be filed in the manner prescribed by the administrator and must contain the information required by the administrator to make an evaluation of the financial responsibility, character and fitness of the applicant.

A. For a lender subject to this subsection whose activities include making or arranging residential mortgage loans, an application for a license to make supervised loans must be made electronically, through the nationwide mortgage licensing system and registry. Licenses expire December 31st of each year and must be renewed through the nationwide mortgage licensing system and registry. An application for an initial license must be accompanied by a fee of \$250, and an annual renewal application must be accompanied by a fee of \$100. An application for an initial license or renewal for a place of business other than that of the applicant's first licensed location must be accompanied by a fee of \$100. An applicant must

also pay a nationwide mortgage licensing system and registry processing fee in an amount to be determined by the administrators of the nationwide mortgage licensing system and registry. A non-profit organization exempt from taxation under the United States Internal Revenue Code, Section 501(c)(3) and engaged in the financing of housing for low-income people under a program designed specifically for that purpose must pay an initial licensing fee, and a fee for each branch location, of \$20 and a renewal licensing fee and renewal fee for each branch location of \$10, plus the applicable nationwide mortgage licensing system and registry processing fee.

B. For a lender subject to this subsection whose activities do not include making or arranging residential mortgage loans, an initial application for a license must be accompanied by a \$500 fee and a renewal application must include a \$200 fee. A license is granted for a 2-year period and expires on September 30th of the 2nd year. An application for an initial license or renewal for a place of business other than that of the applicant's first licensed location must be accompanied by a fee of \$200.

Sec. 2. 9-A MRSA §2-302, sub-§2, as amended by PL 2011, c. 427, Pt. B, §5, is further amended to read:

2. A license to make supervised loans or as a mortgage loan originator may not be issued unless the administrator, upon investigation, finds that the financial responsibility, character and fitness of the applicant, and of the members thereof, if the applicant is a copartnership or association, and of the officers and directors thereof, if the applicant is a corporation, and, when applicable, the character and fitness of the mortgage loan originators thereof, are such as to warrant belief that the business will be operated honestly and fairly within the purposes of this Act. In determining the financial responsibility of an applicant proposing to engage in making insurance premium loans, the administrator shall consider the liabilities the lender may incur for erroneous cancellation of insurance.

A. Every applicant shall also, at the time of filing such application, file with the administrator, if the administrator so requires, a surety bond satisfactory to the administrator in an amount not to exceed \$50,000. The terms of the bond must run concurrent with the period of time during which the license will be in effect. The bond must run to the State for the use of the State and of any person or persons who may have a cause of action against the licensee under this Act. The bond must be conditional that the licensee will faithfully conform to and abide by the provisions of this Act and to all rules lawfully made by the administrator under this Act and will pay to the State and to any