

MAINE STATE LEGISLATURE

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STATE OF MAINE
124TH LEGISLATURE
FIRST REGULAR SESSION



Summaries of bills, adopted amendments and laws enacted or finally passed during the First Regular Session of the 124th Maine Legislature coming from the

**JOINT STANDING COMMITTEE ON INSURANCE AND
FINANCIAL SERVICES**

July 2009

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STATE OF MAINE

124TH LEGISLATURE
FIRST REGULAR SESSION



LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* summarizes all bills and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 124th Maine Legislature.

The *Digest* is arranged alphabetically by committee, and within each committee by LD number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee. The appendices include a summary of relevant session statistics, an index of all bills by LD number and an index of enacted laws by law type and chapter number.

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

| | |
|---|---|
| CARRIED OVER..... | Carried over to a subsequent session of the Legislature |
| CON RES XXX..... | Chapter # of Constitutional Resolution passed by both Houses |
| CONF CMTE UNABLE TO AGREE..... | Committee of Conference unable to agree; bill died |
| DIED BETWEEN BODIES..... | House & Senate disagree; bill died |
| DIED IN CONCURRENCE..... | One body accepts ONTP report; the other indefinitely postpones the bill |
| DIED ON ADJOURNMENT..... | Action incomplete when session ended; bill died |
| EMERGENCY..... | Enacted law takes effect sooner than 90 days |
| FAILED EMERGENCY ENACTMENT/FINAL PASSAGE..... | Emergency bill failed to get 2/3 vote |
| FAILED ENACTMENT/FINAL PASSAGE..... | Bill failed to get majority vote |
| FAILED MANDATE ENACTMENT..... | Bill imposing local mandate failed to get 2/3 vote |
| NOT PROPERLY BEFORE THE BODY..... | Ruled out of order by the presiding officers; bill died |
| INDEF PP..... | Bill Indefinitely Postponed; bill died |
| ONTP (or Accepted ONTP report)..... | Ought Not To Pass report accepted; bill died |
| P&S XXX..... | Chapter # of enacted Private & Special Law |
| PUBLIC XXX..... | Chapter # of enacted Public Law |
| RESOLVE XXX..... | Chapter # of finally passed Resolve |
| UNSIGNED..... | Bill held by Governor |
| VETO SUSTAINED..... | Legislature failed to override Governor's Veto |

The effective date for non-emergency legislation enacted in the First Regular Session of the 124th Legislature is September 12, 2009. The effective date for legislation enacted as an emergency measure is specified in the enacted law summary for those bills.

Joint Standing Committee on Insurance and Financial Services

LD 503

An Act To Regulate Foreclosure Negotiators

PUBLIC 327

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
| BOWMAN | OTP-AM | S-216 |

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

Committee Amendment "A" (S-216)

This amendment replaces the bill. The amendment clarifies that a business acting as a foreclosure negotiator relating to a residential mortgage is subject to the laws regulating debt management service providers but exempts that business from certain provisions of current law, such as the requirements to provide credit counseling services and to provide the consumer with certain internal business records. In addition, since a foreclosure negotiator arranges for the purchase of property, the amendment provides that an agreement may be cancelled until the date of the transfer of the property. The amendment requires that a foreclosure negotiator notify a consumer with contact information for a housing counselor and advise the consumer about whether the consumer will be liable for any deficiency resulting from the transfer. The amendment also gives a consumer the right to recover consequential damages for violations.

The amendment retains consumer protections such as the requirement to register with the Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection, post a surety bond to ensure compliance and accountability with the law and provide written agreements to a consumer.

Enacted Law Summary

Public Law 2009, chapter 327 clarifies that a business acting as a foreclosure negotiator relating to a residential mortgage is subject to the laws regulating debt management service providers but exempts that business from certain provisions of current law, such as the requirements to provide credit counseling services and to provide the consumer with certain internal business records. The law does not exempt foreclosure negotiators from provisions in current law protecting consumers such as the requirement to register with the Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection, post a surety bond to ensure compliance and accountability with the law and provide written agreements to a consumer.

Public Law 2009, chapter 327 requires that a foreclosure negotiator notify a consumer with contact information for a housing counselor and advise the consumer about whether the consumer will be liable for any deficiency resulting from the transfer. In addition, since a foreclosure negotiator arranges for the purchase of property, the law provides that an agreement may be cancelled until the date of the transfer of the property. The law also gives a consumer the right to recover consequential damages for violations.