ARTICLE 2

FINANCE CHARGES AND RELATED PROVISIONS

PART 1

GENERAL PROVISIONS

§2-101. Short title

This Article shall be known and may be cited as the "Maine Consumer Credit Code -- Finance Charges and Related Provisions." [PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW).

§2-102. Scope

Part 2 of this Article applies to consumer credit sales. Parts 3 and 4 apply to consumer loans, including loans made by supervised lenders. Part 5 applies to other charges and modifications with respect to consumer credit transactions. Part 6 applies to other credit transactions. [PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW).

PART 2

CONSUMER CREDIT SALES: MAXIMUM FINANCE CHARGES

§2-201. Finance charge for consumer credit sales other than open-end credit

1. With respect to a consumer credit sale, other than a sale pursuant to open-end credit, a seller may contract for and receive a finance charge not exceeding that permitted by this section. [PL 1973, c. 762, §1 (NEW).]

2. The finance charge, calculated according to the actuarial method, may not exceed the equivalent of the greater of either of the following:

A. The total of:

(i) 30% per year on that part of the unpaid balances of the amount financed that is $1,000 or less;

(ii) 21% per year on that part of the unpaid balances of the amount financed that is more than $1,000 but does not exceed $2,800; and

(iii) 15% per year on that part of the unpaid balances of the amount financed that is more than $2,800; or [PL 1997, c. 727, Pt. B, §3 (AMD).]

B. 18% per year on the unpaid balances of the amount financed. [PL 1973, c. 762, §1 (NEW).] [PL 1997, c. 727, Pt. B, §3 (AMD).]

3. This section does not limit or restrict the manner of calculating the finance charge whether by way of add-on, discount, or otherwise, so long as the rate of the finance charge does not exceed that permitted by this section. If the sale is precomputed,

A. The finance charge may be calculated on the assumption that all scheduled payments will be made when due; and [PL 1973, c. 762, §1 (NEW).]

B. The effect of prepayment is governed by the provisions on rebate upon prepayment, section 2-510. [PL 1973, c. 762, §1 (NEW).]

[PL 1973, c. 762, §1 (NEW).]

4. For the purposes of this section, the term of a sale agreement commences with the date the credit is granted or, if goods are delivered or services performed 10 days or more after that date, with the date of commencement of performance or with the date of completion of delivery. For purposes of this section, a sale agreement does not commence upon the transfer of merchandise certificates, but commences only upon the date goods are delivered or services performed. For purposes of this section, delivery and performance include delivery or performance by a subcontractor or agent of the seller. Differences in the lengths of months are disregarded and a day may be counted as 1/30th of a month. Subject to classifications and differentiations the seller may reasonably establish, a part of a month in excess of 15 days may be treated as a full month if periods of 15 days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted.

[PL 1973, c. 762, §1 (NEW).]

5. Subject to classifications and differentiations the seller may reasonably establish, he may make the same finance charge on all amounts financed within a specified range. A finance charge so made does not violate subsection 2 if:

A. When applied to the median amount within each range, it does not exceed the maximum permitted by subsection 2; and [PL 1973, c. 762, §1 (NEW).]

B. When applied to the lowest amount within each range, it does not produce a rate of finance charge exceeding the rate calculated according to paragraph A by more than 8% of the rate calculated according to paragraph A. [PL 1973, c. 762, §1 (NEW).]

[PL 1973, c. 762, §1 (NEW).]

6. Notwithstanding subsection 2, the seller may contract for and receive a minimum charge of not more than:

A. Five dollars when the amount financed does not exceed $75; [PL 1975, c. 298, §1 (RPR).]

B. Seven dollars and fifty cents when the amount financed exceeds $75, but is less than $250; or [PL 1975, c. 298, §1 (RPR).]

C. Twenty-five dollars when the amount financed is $250 or more and when, within 30 days from the date of the transaction, the agreement is assigned by the seller, other than a seller of motor vehicles, to an assignee having no corporate relationship to the seller-assignor. [PL 1975, c. 298, §1 (RPR).]

[PL 1975, c. 298, §1 (RPR).]

7. The finance charge on any transaction involving the credit sale of goods or services used in the modernization, rehabilitation, repair, alteration or improvement of real property, in which the seller or his agent installs the goods or provides the services related to the modernization, rehabilitation, repair, alteration or improvement of the real property, may not exceed 18% per year on the unpaid balances of the amount financed.

[PL 1985, c. 819, Pt. B, §§3-4 (AMD).]

8.

[PL 1997, c. 727, Pt. B, §4 (RP).]

9.

[PL 1993, c. 188, §1 (RP).]

9-A. Notwithstanding any other provision of law, the finance charge on a consumer credit sale of a motor vehicle, as defined in this section, that is sold on or after January 1, 1994 may not exceed 18% per year on the unpaid balance of the amount financed. For the purposes of this section, "motor vehicle" means any self-propelled vehicle not operated exclusively on tracks, except agricultural machinery and any other devices that do not constitute consumer goods, as defined in Title 11, section 9-1102, subsection (23).
[PL 1999, c. 699, Pt. D, §2 (AMD); PL 1999, c. 699, Pt. D, §30 (AFF).]

10. Notwithstanding any other subsection, the finance charge on a transaction to finance or refinance the acquisition of, or secured by, manufactured housing, not involving a security interest in real estate, may not exceed the greater of the following:

A. A rate 2% greater than the maximum rate established by federal regulations pursuant to the United States Code, Title 38, Section 1819(f), Veterans Housing Act of 1970, as amended, and published from time to time in the Federal Register, 38 Code of Federal Regulations, Part 36; or [PL 1987, c. 129, §32 (AMD).]

B. 18% per year. [PL 1983, c. 87, §1 (RPR).]

In the event no specific maximum rate is established by federal regulation in accordance with this subsection, this subsection shall not apply.
[PL 1987, c. 129, §32 (AMD).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 1 (AMD). PL 1975, c. 298, §1 (AMD). PL 1977, c. 161, §§1,2 (AMD). PL 1979, c. 661, §1 (AMD). PL 1981, c. 229 (AMD). PL 1981, c. 293, §1 (AMD). PL 1981, c. 470, §A17 (AMD). PL 1981, c. 618, §3 (AMD). PL 1983, c. 87, §1 (AMD). PL 1983, c. 598 (AMD). PL 1985, c. 763, §§A21-23 (AMD). PL 1985, c. 819, §§B3,4 (AMD). PL 1987, c. 129, §§31,32 (AMD). PL 1993, c. 188, §§1,2 (AMD). PL 1997, c. 727, §§B3,4 (AMD). PL 1999, c. 699, §D2 (AMD). PL 1999, c. 699, §D30 (AFF).

§2-202. Finance charge for consumer credit sales pursuant to open-end credit

1. With respect to a consumer credit sale made pursuant to open-end credit, a creditor may contract for and receive a finance charge not exceeding that permitted in this section.
[PL 1973, c. 762, §1 (NEW).]

2. A charge may be made in each billing cycle which is a percentage of an amount not exceeding the greater of:

A. The average daily balance in the billing cycle for which the charge is made, which is the sum of the amount unpaid each day during that cycle, divided by the number of days in that cycle. The amount unpaid on a day is determined by adding to the balance, if any, unpaid as of the beginning of that day all debits, but excluding purchases or leases of goods and services made on that day if a finance charge on these amounts is prohibited under subsection 5 and deducting all payments and other credits made or received as of that day; or [PL 1995, c. 614, Pt. A, §1 (AMD).]

B. The unpaid balance at the beginning of the first day of the billing cycle after all payments on account, returns and other credits made or given during the first 25 days of the billing cycle, if the billing cycle is monthly, shall have been first deducted; provided that returns and other credits may be deducted only to the extent that the purchase to which the credit or return relates has been reflected in the previous balance. If the billing cycle is not monthly, such deduction shall be made for payments on account, returns and other credits made or given during that part of the billing

cycle that bears the same relation to the billing cycle that 25 does to 30. [PL 1973, c. 762, §1 (RPR).]

[PL 1995, c. 614, Pt. A, §1 (AMD).]

3. Except with respect to sales made pursuant to a credit card:

A. If the billing cycle is monthly, the charge may not exceed 1 1/2% of the amount pursuant to subsection 2; or [PL 1995, c. 84, §2 (NEW).]

B. If the billing cycle is not monthly, the maximum charge is that percentage that bears the same relation to the applicable monthly percentage as the number of days in the billing cycle bears to 30. [PL 1995, c. 84, §2 (NEW).]

A billing cycle is monthly if the closing date of the cycle is the same date each month or does not vary by more than 4 days from that date.

[PL 1995, c. 84, §2 (RPR).]

4. Notwithstanding subsection 3, if there is an unpaid balance on the date as of which the credit service charge is applied, the seller may contract for and receive a charge not exceeding 50¢ if the billing cycle is monthly or longer, or the pro rata part of 50¢ which bears the same relation to 50¢ as the number of days in the billing cycle bears to 30 if the billing cycle is shorter than monthly.

[PL 1973, c. 762, §1 (NEW).]

5. Except when there is an outstanding balance from the prior billing cycle, a finance charge may not be imposed on purchases or leases of goods or services purchased during the billing cycle, provided that they are paid for not later than 25 days after the closing date of the billing cycle in which the purchase or lease occurred.

[PL 1995, c. 84, §3 (AMD).]

6. For purposes of this section, the term of a sale made pursuant to an open-end agreement commences with the date credit is granted or, if goods are delivered or services performed 10 days or more after that date, with the date of commencement of performance or with the date of completion of delivery. Delivery and performance include delivery or performance by a subcontractor or agent of the seller.

[PL 1981, c. 323 (NEW).]

7. Unless otherwise provided for in Article 8-A, with respect to consumer credit sales made pursuant to a credit card, other than a lender credit card, a creditor may not impose a finance charge if it is in excess of that set forth in the agreement between the consumer and the creditor.

[PL 2011, c. 427, Pt. A, §5 (AMD).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1977, c. 421, §§1,2 (AMD). PL 1981, c. 323 (AMD). PL 1995, c. 84, §§2-4 (AMD). PL 1995, c. 614, §A1 (AMD). PL 1999, c. 184, §1 (AMD). PL 2011, c. 427, Pt. A, §5 (AMD).

PART 3

CONSUMER LOANS: SUPERVISED LENDERS

§2-301. Authority to make or service supervised loans

Unless a person is a supervised financial organization, a financial institution holding company as defined in Title 9-B, section 1011, subsection 1 or a mutual holding company as defined in Title 9-B, section 1052, subsection 2 or has first obtained a license pursuant to this Act from the administrator

authorizing the person to make or service supervised loans, the person may not engage in the business of: [PL 2017, c. 106, §4 (AMD).]

1. Making supervised loans;
[PL 2017, c. 106, §4 (AMD).]

2. Taking assignments of and undertaking direct collection of payments from or enforcement of rights from an office in this State against debtors arising from supervised loans; or
[PL 2017, c. 106, §4 (AMD).]

3. Servicing mortgage loans.
[PL 2017, c. 106, §4 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 179, §1 (AMD). PL 1983, c. 212, §§3,4 (AMD). PL 1985, c. 763, §A24 (AMD). PL 1987, c. 129, §33 (AMD). PL 2017, c. 106, §4 (AMD).

§2-302. License to make or service supervised loans

1. The administrator shall receive and act on all applications for licenses to make or service 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 or service 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 nonprofit 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. [PL 2017, c. 106, §5 (AMD).]

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. [PL 2013, c. 466, §1 (NEW).]
[PL 2017, c. 106, §5 (AMD).]

1-A.
[PL 2011, c. 427, Pt. B, §4 (RP).]

2. A license to make or service 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 such person or persons any and all amounts of money that may become due or owing to the State or to such person or persons from the licensee under and by virtue of this Act during the period for which the bond is given. [PL 2013, c. 466, §2 (AMD).]

B. As used in this section, the term "financial responsibility" means that the applicant has available for the operation of the licensed business net assets of at least $25,000 and upon issuance of a license, each licensee shall maintain net assets of at least $25,000 that are either used or readily available for use in the conduct of the business of each office of the licensee in which supervised loans are made or serviced. [PL 2017, c. 106, §5 (AMD).]

C. [PL 1983, c. 720, §7 (RP).]

D. In determining the financial responsibility of a nonprofit organization engaged in the financing of housing for low-income people under a program specifically designed for that purpose, the administrator may waive the requirement of a bond and availability of $25,000 of net assets, if the applicant submits appropriate additional evidence of financial responsibility. [PL 1989, c. 581, §5 (NEW).]

[PL 2017, c. 106, §5 (AMD).]

3. Upon written request, the applicant is entitled to a hearing on the question of the applicant's qualifications for a license or registration if (a) the administrator has notified the applicant in writing that the application has been denied, or (b) the administrator has not issued a license or registration within 60 days after the application for the license or registration was filed. A request for a hearing may not be made more than 15 days after the administrator has mailed a writing to the applicant notifying the applicant that the application has been denied and stating in substance the administrator's findings supporting denial of the application.

[PL 2005, c. 164, §4 (AMD).]

4. A separate license is required for each place of business. Each branch location license application must be accompanied by a surety bond, in a form acceptable to the administrator, in the amount of $50,000.

[PL 2013, c. 466, §3 (AMD).]

5. A licensee may conduct the business of making or servicing supervised loans only at or from any place of business for which the licensee holds a license and not under any other name than that in the license. For purposes of this subsection, the closing of a supervised loan, secured by an interest in real estate, made by the licensee, at the office of an attorney or land title company, may not be considered the making or servicing of a supervised loan at the place of business other than the licensee's licensed location. Loans made pursuant to a lender credit card do not violate this subsection.

[PL 2017, c. 106, §5 (AMD).]

5-A. A licensee subject to subsection 1, paragraph A may conduct the business of making supervised loans only through a mortgage loan originator who possesses a current, valid license.

[PL 2013, c. 466, §4 (AMD).]

6. Any supervised loan, otherwise valid under the provisions of this Act, made by any corporation or by any subsidiary or affiliate of any corporation to which a license is granted by the administrator on or before June 30, 1975, and to which said supervised loan is assigned, is deemed to have been made by a duly licensed licensee, provided the administrator finds that said corporation has made a good faith effort to comply with the licensing provisions of this Act.
[PL 2017, c. 106, §5 (AMD).]

7.
[PL 2013, c. 466, §5 (RP).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 179, §§2,2-A (AMD). PL 1983, c. 212, §5 (AMD). PL 1983, c. 720, §§6-8 (AMD). PL 1985, c. 763, §A25 (AMD). PL 1987, c. 129, §§34,35 (AMD). PL 1989, c. 581, §§4,5 (AMD). PL 1995, c. 614, §A2 (AMD). PL 1997, c. 727, §B5 (AMD). PL 1999, c. 184, §2 (AMD). PL 2005, c. 164, §§2-5 (AMD). PL 2005, c. 274, §2 (AMD). PL 2009, c. 243, §§1, 2 (AMD). PL 2011, c. 427, Pt. B, §§3-6 (AMD). PL 2013, c. 466, §§1-5 (AMD). PL 2017, c. 106, §5 (AMD).

§2-303. Revocation or suspension of license

1. The administrator may file a complaint with the District Court to suspend or revoke a license to make, originate or service supervised loans if the administrator finds reason to believe, after investigation or hearing, or both, that:

A. The licensee has violated this Act or any rule or order made pursuant to this Act; or [PL 2011, c. 427, Pt. B, §7 (AMD).]

B. Facts or conditions exist that would clearly have justified the administrator in refusing to grant a license had these facts or conditions been known to exist at the time the application for the license was made. [PL 2011, c. 427, Pt. B, §7 (AMD).]

An affirmative finding by the District Court of either cause is sufficient to suspend or revoke the license.
[PL 2017, c. 106, §6 (AMD).]

1-A. The administrator may refuse to renew a license, after notice and opportunity for a hearing has been provided to the licensee, for any of the reasons set forth in subsection 1.
[PL 2011, c. 427, Pt. B, §7 (AMD).]

2. No revocation or suspension of a license impairs or affects the obligation of any preexisting lawful contract between the licensee and any debtor.
[PL 2011, c. 427, Pt. B, §7 (AMD).]

3. The administrator may reinstate a license, terminate a suspension or grant a new license to a person whose license has been revoked if no fact or condition then exists that clearly would have justified the administrator in refusing to grant a license.
[PL 2011, c. 427, Pt. B, §7 (AMD).]

4. No revocation, suspension, annulment or withdrawal of a license is lawful unless, prior to the institution of proceedings by the administrator, the administrator gave notice by mail to the licensee of facts or conduct that warrant the intended action and the licensee was given an opportunity to show compliance with all lawful requirements for the retention of the license.
[PL 2011, c. 427, Pt. B, §7 (AMD).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 135, §§1,2 (AMD). PL 1977, c. 694, §§155-D (RPR). PL 1983, c. 720, §9 (AMD). PL 1985, c. 763, §A26 (AMD). PL 1999, c. 547, §B78 (AMD). PL

1999, c. 547, §B80 (AFF). PL 2005, c. 164, §6 (AMD). PL 2011, c. 427, Pt. B, §7 (AMD). PL 2017, c. 106, §6 (AMD).

§2-303-A. Temporary suspension of license

Notwithstanding Title 5, sections 10003 and 10004 and Title 10, section 8003, if the public interest or the protection of borrowers so requires, the administrator may, by order, suspend a license to make or service supervised loans or a license as a mortgage loan originator or postpone the effective date of such a license. Upon entry of the order, the administrator shall promptly notify the applicant or licensee that an order has been entered, of the reasons for the order and that, within 15 days after the receipt of a written request by the applicant or licensee, the matter must be scheduled for hearing. Section 2-303 applies to all subsequent proceedings. [PL 2017, c. 106, §7 (AMD).]

SECTION HISTORY

PL 2001, c. 371, §4 (NEW). PL 2005, c. 164, §7 (AMD). PL 2011, c. 427, Pt. B, §8 (AMD). PL 2017, c. 106, §7 (AMD).

§2-304. Records; annual and quarterly reports

1.
[PL 1985, c. 336, §3 (RP).]

2. The administrator may direct each licensee to file composite annual and quarterly reports relating to all supervised loans made, arranged or serviced by that licensee. Information contained in annual and quarterly reports is confidential and may be published only in composite form. The administrator may at any time require additional reports if the administrator determines such action necessary to the proper supervision of licensees.
[PL 2017, c. 106, §8 (AMD).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1985, c. 336, §3 (AMD). PL 1985, c. 336, §4 (AMD). PL 2013, c. 466, §6 (AMD). PL 2017, c. 106, §8 (AMD).

§2-305. Examinations and investigations

(REPEALED)

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1981, c. 235, §2 (AMD). PL 1987, c. 129, §36 (RP).

§2-306. Application of administrative procedure

(REPEALED)

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1985, c. 819, §A10 (RP).

§2-307. Restrictions on interest in land as security

1. With respect to a supervised loan in which the annual percentage rate disclosed is greater than 18%, a lender may not contract for an interest in land as security. A security interest taken in violation of this section is void.
[PL 1973, c. 762, §1 (NEW).]

2. With respect to a supervised loan in which the amount financed is $2,800 or less, a lender may not take a security interest in the principal residence of the consumer. This subsection does not apply when the lender holds a first mortgage on the residence at the time the loan is made or when the loan is made pursuant to an open-end credit plan involving a commitment to advance amounts in excess of $2,800. Notwithstanding Title 14, a judgment of foreclosure of a mortgage upon the principal residence

of a consumer may not be entered on account of the consumer's failure to repay supervised loans under an open-end credit plan, unless the consumer's outstanding balance in the account at the end of the statement period has at some time exceeded $2,800 and the consumer has not paid the account in full subsequent to the date of the last periodic statement showing an outstanding balance in excess of $2,800.
[PL 2011, c. 427, Pt. D, §8 (AMD).]

3.

[PL 1997, c. 727, Pt. B, §7 (RP).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1979, c. 660, §6 (AMD). PL 1981, c. 470, §A18 (AMD). PL 1985, c. 137, §§1,2 (AMD). PL 1985, c. 763, §§A27,28 (AMD). PL 1997, c. 727, §§B6,7 (AMD). PL 2011, c. 427, Pt. D, §8 (AMD).

§2-308. Regular schedule of payments; maximum loan term

1. Except as provided in section 3-308, supervised loans, not made pursuant to open-end credit and in which the amount financed is $1,000 or less and the principal of which is payable in more than a single payment, must be scheduled to be payable in substantially equal installments at equal periodic intervals except to the extent that the schedule of payments is adjusted to the seasonal or irregular income of the debtor and over a period of not more than 25 months.

A. [PL 1985, c. 763, Pt. A, §29 (RP).]

B. [PL 1985, c. 763, Pt. A, §29 (RP).]
[PL 1997, c. 727, Pt. B, §8 (AMD).]

2.

[PL 1997, c. 727, Pt. B, §9 (RP).]

3.

[PL 1995, c. 614, Pt. A, §3 (RP).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 173, §1 (AMD). PL 1985, c. 113, §1 (AMD). PL 1985, c. 763, §§A29,30 (AMD). PL 1985, c. 819, §A11 (AMD). PL 1995, c. 614, §A3 (AMD). PL 1997, c. 727, §§B8,9 (AMD).

§2-309. No other business for purpose of evasion

A supervised lender may not carry on other business for the purpose of evasion or violation of this Act at a location where the supervised lender makes or services supervised loans. [PL 2017, c. 106, §9 (AMD).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 2017, c. 106, §9 (AMD).

§2-310. Servicing requirements of assigned supervised loans

No supervised loan secured by a mortgage on real estate may be assigned under this Article unless:

1. The supervised lender making the loan retains servicing of the loan and either maintains a place of business in this State or maintains a toll-free telephone number or other free means of oral communication that is disclosed to mortgagors and staffed in the manner described in subsection 2; or
[PL 1987, c. 129, §37 (AMD).]

2. The assignee or servicing agent retained to collect the loan maintains a toll-free telephone number, or other free means of oral communication, that is disclosed to mortgagors in each coupon book or on each periodic billing notice or statement of account and that is staffed during normal business hours for mortgagors to use to communicate with the assignee or servicing agent concerning the supervised loan.
[PL 1987, c. 129, §37 (AMD).]

SECTION HISTORY

PL 1983, c. 720, §10 (NEW). PL 1987, c. 129, §37 (AMD).

PART 4

CONSUMER LOANS: MAXIMUM FINANCE CHARGES

§2-401. Finance charge for consumer loans

1.

[PL 1987, c. 129, §38 (RP).]

2. With respect to a consumer loan, other than a loan pursuant to open-end credit, a lender may contract for and receive a finance charge calculated according to the actuarial method, not exceeding the equivalent of the following:

A. The total of:

(i) 30% per year on that part of the unpaid balances of the amount financed that is $2,000 or less;

(ii) 24% per year on that part of the unpaid balances of the amount financed that is more than $2,000 but does not exceed $4,000; and

(iii) 18% per year on that part of the unpaid balances of the amount financed that is more than $4,000. [PL 1997, c. 727, Pt. B, §10 (AMD).]

B. [PL 1997, c. 727, Pt. B, §10 (RP).]

Notwithstanding paragraph A, with respect to a consumer loan in which the amount financed exceeds $8,000, a lender may not contract for and receive a finance charge calculated according to the actuarial method in excess of 18% per year on the entire amount of the loan.
[PL 1997, c. 727, Pt. B, §10 (AMD).]

3. This section does not limit or restrict the manner of calculating the finance charge, whether by way of add-on, discount or otherwise, so long as the rate of the finance charge does not exceed that permitted by this section. If the loan is precomputed,

A. The finance charge may be calculated on the assumption that all scheduled payments will be made when due; and [PL 1973, c. 762, §1 (NEW).]

B. The effect of prepayment is governed by the provisions on rebate upon prepayment, section 2-510. [PL 1973, c. 762, §1 (NEW).]

C. [PL 1987, c. 129, §40 (RP).]

C. [PL 1989, c. 457, §§1, 8, 9 (RP); PL 1989, c. 600, Pt. B, §§7, 8 (AFF).]
[PL 1989, c. 457, §§1, 8, 9 (AMD); PL 1989, c. 600, Pt. B, §§7, 8 (AFF).]

4. The term of a loan for the purposes of this section commences on the date the loan is made. Differences in the lengths of months are disregarded and a day may be counted as 1/30th of a month.

Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of 15 days may be treated as a full month if periods of 15 days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted.
[PL 1973, c. 762, §1 (NEW).]

5. If the primary purpose of the loan is the financing of premiums on a policy or contract of insurance issued by an insurer authorized in this State to do business of the kind involved and the debt under the loan agreement is owed to a supervised lender, the term of the loan for purposes of this section commences on the inception date of the policy or contract of insurance.
[PL 1973, c. 762, §1 (NEW).]

6.

[PL 1997, c. 727, Pt. B, §11 (RP).]

7. Notwithstanding subsection 2, the lender may contract for and receive a minimum charge of not more than:

A. Five dollars when the amount financed does not exceed $75; [PL 1975, c. 298, §2 (NEW).]

B. Fifteen dollars when the amount financed exceeds $75, but is less than $250; or [PL 1999, c. 184, §3 (AMD).]

C. Twenty-five dollars when the amount financed is $250 or more. [PL 1975, c. 298, §2 (NEW).]
[PL 1999, c. 184, §3 (AMD).]

8. Notwithstanding any other subsection, the finance charge on a transaction to finance or refinance the acquisition of, or secured by, manufactured housing, not involving a security interest in real estate, may not exceed the greater of the following:

A. A rate 2% greater than the maximum rate established by federal regulations pursuant to the United States Code, Title 38, Section 1819(f), Veterans Housing Act of 1970, as amended, and published from time to time in the Federal Register, 38 Code of Federal Regulations, Part 36; or [PL 1987, c. 129, §43 (AMD).]

B. 18% per year. [PL 1983, c. 87, §2 (NEW).]

In the event that no specific maximum rate is established by federal regulation in accordance with this subsection, this subsection shall not apply.
[PL 1987, c. 129, §43 (AMD).]

9. Notwithstanding any other subsection, the finance charge on an insurance premium loan may not exceed 18% per year on the unpaid balances of the amount financed, except for any minimum charge that may be allowed pursuant to subsection 7.
[PL 1985, c. 763, Pt. A, §33 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 298, §2 (AMD). PL 1981, c. 618, §4 (AMD). PL 1983, c. 87, §2 (AMD). PL 1985, c. 763, §§A31-33 (AMD). PL 1987, c. 129, §§38-40,43 (AMD). PL 1987, c. 129, §§41,42 (AMD). PL 1989, c. 457, §§1,8,9 (AMD). PL 1989, c. 600, §§B7,8 (AMD). PL 1997, c. 727, §§B10,11 (AMD). PL 1999, c. 184, §3 (AMD).

§2-402. Finance charge for loans on open-end credit

1. With respect to loans made on open-end credit, a creditor may contract for and receive a finance charge not in excess of that permitted in this section.
[PL 1987, c. 129, §44 (AMD).]

2. A charge may be earned in each billing cycle which is a percentage of an amount not exceeding the greatest of:

A. The average daily balance in the billing cycle for which the charge is made, which is the sum of the amount unpaid each day during that cycle, divided by the number of days in that cycle. The amount unpaid on a day is determined by adding to the balance, if any, unpaid as of the beginning of that day all advances and other debits and deducting all payments and other credits made or received as of that day, provided that loans made pursuant to a lender credit card to finance the purchase or lease of goods and services shall not be included in the amount unpaid if a finance charge on these amounts is prohibited under subsection 4; or [PL 1987, c. 129, §44 (AMD).]

B. The unpaid balance at the beginning of the first day of the billing cycle after all payments on account, returns and other credits made or given during the first 25 days of the billing cycle, if the billing cycle is monthly, shall have been first deducted; provided that returns and other credits may be deducted only to the extent that the purchase to which the credit or return relates has been reflected in the previous balance. If the billing cycle is not monthly, such deduction shall be made for payments on account, returns and other credits made or given during that part of the billing cycle that bears the same relation to the billing cycle that 25 does to 30. [PL 1973, c. 762, §1 (NEW).]

[PL 1987, c. 129, §44 (AMD).]

3. Except with respect to loans made pursuant to a lender credit card, the charge earned in each billing cycle may not exceed the greater of the product of the average daily balance times the number of days in the billing cycle times .049315% or, if the billing cycle is monthly, 1 1/2% of the amount pursuant to subsection 2. A billing cycle is monthly if the closing date of the cycle is the same date each month or does not vary by more than 4 days from the regular date.

[PL 1993, c. 618, §1 (AMD).]

4. With respect to loans made pursuant to a lender credit card, except for cash advances, and except when there is an outstanding balance from the prior billing cycle at the beginning of a billing cycle, no finance charge may be imposed on purchases or leases of goods or services purchased during the billing cycle if they are paid for not later than 25 days after the closing date of the billing cycle in which the purchase or lease occurred. This subsection does not apply to open-end credit plans secured by a consumer's principal dwelling or by any 2nd or vacation home of the consumer.

[PL 2005, c. 484, §1 (AMD).]

5. Unless otherwise provided for in Article 8-A, with respect to loans made pursuant to a lender credit card, a creditor may not impose a finance charge if it is in excess of that set forth in the agreement between the consumer and the creditor. This subsection does not apply to open-end credit plans secured by a consumer's principal dwelling or by a 2nd or vacation home of the consumer.

[PL 2011, c. 427, Pt. A, §6 (AMD).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 132 (AMD). PL 1975, c. 291 (AMD). PL 1977, c. 421, §§3,4 (AMD). PL 1987, c. 129, §44 (AMD). PL 1993, c. 618, §§1,2 (AMD). PL 1995, c. 137, §4 (AMD). PL 2005, c. 484, §§1,2 (AMD). PL 2011, c. 427, Pt. A, §6 (AMD).

PART 5

CONSUMER CREDIT TRANSACTIONS: OTHER CHARGES AND MODIFICATIONS

§2-501. Additional charges

1. In addition to the finance charge permitted by the Parts of this Article on maximum finance charges for consumer credit sales and consumer loans, Parts 2 and 4, a creditor may contract for and

receive the following additional charges in connection with a consumer credit transaction or an open-end credit plan:

A. Official fees and taxes; [PL 1973, c. 762, §1 (NEW).]

B. Charges for insurance as described in subsection 2; [PL 1973, c. 762, §1 (NEW).]

C. Annual charges, payable in advance, for the privilege of using a credit card, other than a lender credit card, which entitles the user to purchase goods or services from at least 100 persons not related to the issuer of the credit card, under an arrangement pursuant to which the debts resulting from the purchases are payable to the issuer; [PL 1987, c. 129, §45 (AMD).]

D. "Closing costs" as defined in section 1-301, subsection 8; [PL 1987, c. 129, §45 (AMD).]

E. An annual charge for the privilege of using a retail credit card or lender credit card; [PL 1995, c. 84, §5 (AMD).]

F. Charges authorized as permissible additional charges by rule adopted by the administrator, for other benefits conferred on the consumer, if the benefits are of value to the consumer and if the charges are reasonable in relation to the benefits or of a type that is not for credit; and [PL 1993, c. 618, §4 (AMD).]

G. Delinquency charges under section 2-502 and deferral charges under section 2-503. [PL 2003, c. 100, §1 (RPR).]

[PL 2003, c. 100, §1 (AMD).]

2. An additional charge may be made for insurance written in connection with the transaction, including vendor's single interest insurance with respect to which the insurer has no right of subrogation against the consumer but excluding other insurance protecting the creditor against the consumer's default or other credit loss,

A. With respect to insurance against loss of or damage to property, or against liability, if the creditor furnishes a clear and specific statement in writing to the consumer setting forth the cost of the insurance if obtained from or through the creditor and stating that the consumer may choose the person through whom the insurance is to be obtained; and [PL 1973, c. 762, §1 (NEW).]

B. With respect to consumer credit insurance providing life, accident or health coverage or involuntary unemployment coverage, if the insurance coverage is not a factor in the approval by the creditor of the extension of credit, and this fact is clearly disclosed in writing to the consumer, and if, in order to obtain the insurance in connection with the extension of credit, the consumer gives specific affirmative written indication of the desire to do so after written disclosure to the consumer of the cost of the insurance. [PL 1995, c. 329, §1 (AMD).]

[PL 1995, c. 329, §1 (AMD).]

3. Unless otherwise provided for in Article 8-A, charges permitted under this section and any other charges specifically excluded from the definition of "finance charge" in section 1-301, subsection 19, are permissible charges in addition to, and excluded from the calculation of, maximum finance charges set forth in Parts 2 and 4. Unless otherwise expressly prohibited by this Act, including prohibitions found in Article 8-A, and except on retail credit card accounts, a creditor may contract for and receive additional charges not authorized by this section or by section 1-301, subsection 19, if such additional charges, together with all other finance charges applicable to a consumer credit transaction, do not exceed the applicable maximum finance charge under this Act.

[PL 2011, c. 427, Pt. A, §7 (AMD).]

4. Unless otherwise provided for in Article 8-A, in addition to or in lieu of interest at a periodic rate or rates as provided in section 2-402, and in addition to any other charges permitted under this Act, a supervised financial organization or supervised lender may, if the agreement with the consumer governing an open-end credit plan involving the use of a lender credit card so provides, charge and

collect as an additional finance charge or interest, in such manner or form as the plan may provide, one or more of the following:

A. A daily, weekly, monthly, annual or other periodic charge in such amount as the agreement may provide for the privileges made available to the consumer under the plan; [PL 1995, c. 137, §5 (NEW).]

B. A transaction charge or charges in such amount or amounts as the agreement may provide for each separate purchase or loan under the plan; [PL 1995, c. 137, §5 (NEW).]

C. A minimum charge for each daily, weekly, monthly, annual or other scheduled billing period under the plan during any portion of which there is an outstanding, unpaid indebtedness under the plan; [PL 1995, c. 137, §5 (NEW).]

D. Reasonable fees for services rendered or for reimbursement of expenses incurred in good faith by the creditor or its agents in connection with the plan, or other reasonable fees incident to the application for and the opening, administration and termination of the plan, including, without limitation, commitment, application and processing fees, official fees and taxes, and filing fees, but excluding costs of collections after default, other than reasonable attorney's fees not in excess of 15% of the unpaid debt incurred in connection with a legal action brought by an attorney who is not a salaried employee of the creditor; [PL 1995, c. 137, §5 (NEW).]

E. A late or delinquency charge upon any outstanding, unpaid installment payments or portions of those payments under the plan that are not paid in full within 15 days after the scheduled or deferred due date; [PL 1995, c. 137, §5 (NEW).]

F. Return-payment charges; [PL 1995, c. 137, §5 (NEW).]

G. Documentary evidence charges; [PL 1995, c. 137, §5 (NEW).]

H. Stop-payment fees; [PL 1995, c. 137, §5 (NEW).]

I. Over-the-limit charges; and [PL 1995, c. 137, §5 (NEW).]

J. Automated teller machine charges or similar electronic or interchange fees or charges. [PL 1995, c. 137, §5 (NEW).]

This subsection does not apply to open-end credit plans secured by a consumer's principal dwelling or by any 2nd or vacation home of the consumer.
[PL 2011, c. 427, Pt. A, §8 (AMD).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 324, §3 (AMD). PL 1983, c. 384, §§1,2 (AMD). PL 1987, c. 129, §§45,46 (AMD). PL 1993, c. 618, §§3-5 (AMD). PL 1995, c. 84, §§5,6 (AMD). PL 1995, c. 137, §5 (AMD). PL 1995, c. 329, §1 (AMD). PL 1995, c. 614, §A4 (AMD). PL 1997, c. 94, §1 (AMD). PL 2003, c. 100, §1 (AMD). PL 2011, c. 427, Pt. A, §§7, 8 (AMD).

§2-502. Delinquency charges

1. A creditor may contract for and receive a delinquency charge on any outstanding, unpaid installment payment or portion of such payment due under a consumer credit transaction or open-end credit plan not paid in full within 15 days after its scheduled or deferred due date in an amount not exceeding the greater of:

A. An amount, not exceeding $10, that is 5% of the unpaid amount of the installment; or [PL 2003, c. 100, §2 (AMD).]

B. The deferral charge, section 2-503, that would be permitted to defer the unpaid amount of the installment for the period that it is delinquent. [PL 1999, c. 184, §4 (AMD).]

[PL 2003, c. 100, §2 (AMD).]

2. A delinquency charge under paragraph A of subsection 1 may be collected only once on an instalment however long it remains in default. No delinquency charge may be collected with respect to a deferred instalment unless the instalment is not paid in full within 15 days after its deferred due date. A delinquency charge may be collected at the time it accrues or at any time thereafter.
[PL 1973, c. 762, §1 (NEW).]

3.

[PL 2003, c. 135, §1 (RP).]

3-A. In connection with collecting a debt, a delinquency charge under subsection 1, paragraph A may not be collected on a payment if the only delinquency is attributable to late fees or delinquency charges assessed on earlier installments, and the payment is otherwise a full payment for the applicable period and is paid on its due date, or within the applicable grace period. For the purposes of this subsection, "collecting a debt" means any activity, other than the use of judicial process, that is intended to bring about or does bring about repayment of all or part of the money due or alleged to be due from a consumer.
[PL 2003, c. 135, §2 (NEW).]

4. If two instalments or parts thereof of a precomputed consumer loan are in default for 15 days or more, the lender may elect to convert the loan from a precomputed loan to one in which the finance charge is based on unpaid balances. In this event he shall make a rebate pursuant to the provisions on rebate upon prepayment, section 2-510, as of the maturity date of the first delinquent instalment, and thereafter may make a finance charge as authorized by the provisions on loan finance charge for consumer loans, section 2-401. The amount of the rebate shall not be reduced by the amount of any permitted minimum charge, section 2-510. If the creditor proceeds under this subsection, any delinquency or deferral charges made with respect to instalments due at or after the maturity date of the first delinquent instalment shall be rebated, and no further delinquency or deferral charges shall be made.
[PL 1987, c. 129, §47 (AMD).]

5.

[PL 1997, c. 727, Pt. B, §12 (RP).]

6.

[PL 1981, c. 618, §5 (RP).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 268 (AMD). PL 1977, c. 564, §44 (AMD). PL 1981, c. 281, §1 (AMD). PL 1981, c. 293, §2 (AMD). PL 1981, c. 618, §5 (AMD). PL 1985, c. 763, §§A34,35 (AMD). PL 1987, c. 129, §47 (AMD). PL 1997, c. 727, §B12 (AMD). PL 1999, c. 184, §4 (AMD). PL 2003, c. 100, §2 (AMD). PL 2003, c. 135, §§1,2 (AMD).

§2-503. Deferral charges

As used in this section and in section 2-510, unless the context otherwise indicates, the following terms applying with respect to a precomputed consumer credit transaction shall have the following meanings: [PL 1975, c. 464 (RPR).]

1. Computational period. "Computational period" means the interval between scheduled due dates of instalments under the transaction if the intervals are substantially equal, or if the intervals are not substantially equal, one month if the smallest interval between the scheduled due dates of instalments under the transaction is one month or more, and otherwise one week.
[PL 1975, c. 464 (RPR).]

2. Deferral. "Deferral" means a postponement of the scheduled due date of an instalment as originally scheduled or as previously deferred.

[PL 1975, c. 464 (RPR).]

3. Deferral period. "Deferral period" means a period in which no instalment is scheduled to be paid by reason of a deferral.
[PL 1975, c. 464 (RPR).]

4. Interval. The "interval" between specified dates means the interval between them including one or the other but not both of them; if the interval between the date of a transaction and the due date of the first scheduled instalment does not exceed one month by more than 15 days when the computational period is one month, or does not exceed 11 days when the computational period is one week, the interval may be considered by the creditor as one computational period.
[PL 1975, c. 464 (RPR).]

5. Periodic balance. "Periodic balance" means the amount scheduled to be outstanding on the last day of a computational period before deducting the instalment, if any, scheduled to be paid on that day.

[PL 1975, c. 464 (RPR).]

6. Standard deferral. "Standard deferral" means a deferral with respect to a transaction made as of the due date of an instalment as scheduled before the deferral by which the due dates of that instalment and all subsequent instalments as scheduled before the deferral are deferred for a period equal to the deferral period. A standard deferral may be for one or more full computational periods or a portion of one computational period or a combination of any of these.

[PL 1975, c. 464 (RPR).]

7. Sum of the balances method. "Sum of the balances method," also known as the "Rule of 78," means a method employed with respect to a transaction to determine the portion of the finance charge attributable to a period of time before the scheduled due date of the final instalment of the transaction. The amount so attributable is determined by multiplying the finance charge by a fraction, the numerator of which is the sum of the periodic balances included within the period and the denominator of which is the sum of all periodic balances under the transaction. According to the sum of the balances method, the portion of the finance charge attributable to a specified computational period is the difference between the portions of the finance charge attributable to the period of time including and excluding, respectively, the computational period, both determined according to the sum of the balances method.

[PL 1975, c. 464 (RPR).]

8. Transaction. "Transaction" means a precomputed consumer credit transaction, unless the context otherwise requires.
[PL 1975, c. 464 (RPR).]

9. Agreement to a deferral. Before or after default in payment of a scheduled instalment of a transaction, the parties to the transaction may agree in writing to a deferral of all or part of one or more unpaid instalments and the creditor may make at the time of deferral and receive at that time or at any time thereafter a deferral charge not exceeding that provided in this section.
[PL 1975, c. 464 (RPR).]

10. Standard deferral. A standard deferral may be made with respect to a transaction as of the due date, as originally scheduled or as deferred pursuant to a standard deferral, of an instalment with respect to which no delinquency charge, section 2-502, has been made or, if made, is deducted from the deferral charge computed according to this subsection. The deferral charge for a standard deferral may equal but not exceed the portion of the finance charge attributable to the computational period immediately preceding the due date of the earliest maturing instalment deferred as determined according to the sum of the balances method multiplied by the whole or fractional number of

computational periods in the deferral period, counting each day as 1/30th of a month without regard to differences in lengths of months when the computational period is one month or as 1/7th of a week when the computational period is one week. A deferral charge computed according to this subsection is earned pro rata during the deferral period and is fully earned on the last day of the deferral period.

[PL 1975, c. 464 (RPR).]

11. Deferral charge other than a standard deferral charge. With respect to a transaction as to which a creditor elects not to make and does not make a standard deferral or a deferral charge for a standard deferral, a deferral charge computed according to this subsection may be made as of the due date, as scheduled originally or as deferred pursuant to either subsection 10 or this subsection, of an instalment with respect to which no delinquency charge, section 2-502, has been made or, if made, is deducted from the deferral charge computed according to this subsection. A deferral charge pursuant to this subsection may equal but not exceed the rate of finance charge required to be disclosed to the consumer pursuant to law applied to each amount deferred for the period for which it is deferred computed without regard to differences in lengths of months, but proportionately for a part of a month, counting each day as 1/30th of a month or as 1/7 of a week. A deferral charge computed according to this subsection is earned pro rata with respect to each amount deferred during the period for which it is deferred.

[PL 1975, c. 464 (RPR).]

12. Additional charges. In addition to the deferral charge permitted by this section, a creditor may make and receive appropriate additional charges, section 2-501, and any amount of these charges which is not paid may be added to the deferral charge computed according to subsection 10 or to the amount deferred for the purpose of computing the deferral charge computed according to subsection 11.

[PL 1975, c. 464 (RPR).]

13. Unilateral grant of deferral by creditor. The parties may agree in writing at the time of a transaction that, if an instalment is not paid within 10 days after its due date, the creditor may unilaterally grant a deferral and make charges as provided in this section. A deferral charge may not be made for a period after the date that the creditor elects to accelerate the maturity of the transaction.

[PL 1975, c. 464 (RPR).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 464 (RPR).

§2-504. Finance charge on refinancing

With respect to a consumer credit transaction, except a consumer lease, the creditor by agreement with the consumer may refinance the unpaid balance and contract for and receive a finance charge based on the amount financed resulting from the refinancing at a rate not exceeding that permitted by the provisions on finance charge for consumer credit sales other than open-end credit, section 2-201, if a consumer credit sale is refinanced, or for consumer loans, section 2-401, if a consumer loan is refinanced. For the purpose of determining the finance charge permitted, the amount financed resulting from the refinancing is composed of the following: [PL 1989, c. 457, §2 (RPR); PL 1989, c. 600, Pt. B, §§7, 8 (AFF).]

1. An amount equal to:

A. If the transaction was not precomputed, the total of the unpaid balance and the accrued charges, with the exception of any minimum charge, on the date of the refinancing; or [PL 1987, c. 129, §48 (NEW).]

B. If the transaction was precomputed, the amount which the consumer would have been required to pay upon prepayment pursuant to the provision on rebate upon prepayment, section 2-510, on

the date of refinancing, but for the purpose of computing this amount no minimum charge is permitted; and [PL 1987, c. 129, §48 (NEW).]

[PL 1987, c. 129, §48 (RPR).]

2. Appropriate additional charges, section 2-501, payment of which is deferred.

[PL 1987, c. 129, §48 (RPR).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 173, §2 (AMD). PL 1979, c. 660, §§7,8 (AMD). PL 1981, c. 235, §3 (AMD). PL 1983, c. 77 (AMD). PL 1985, c. 316, §1 (AMD). PL 1985, c. 819, §A12 (AMD). PL 1987, c. 129, §48 (RPR). PL 1987, c. 129, §§49,50 (RPR). PL 1989, c. 457, §§2,8,9 (AMD). PL 1989, c. 600, §§B7,8 (AFF).

§2-505. Finance charge on consolidation

1. If a consumer owes an unpaid balance to a creditor with respect to a consumer credit transaction and becomes obligated on another consumer credit transaction with the same creditor, the parties may agree to a consolidation resulting in a single schedule of payments. If the previous consumer credit transaction was not precomputed, the parties may agree to add the unpaid amount of the amount financed and accrued charges on the date of consolidation to the amount financed with respect to the subsequent consumer credit transaction. If the previous consumer credit transaction was precomputed, the parties may agree to refinance the unpaid balance pursuant to the provisions on refinancing, section 2-504, and to consolidate the amount financed resulting from the refinancing by adding it to the amount financed with respect to the subsequent consumer credit transaction. In either case the creditor may contract for and receive a finance charge as provided in subsection 2 based on the aggregate amount financed resulting from the consolidation.

[PL 1973, c. 762, §1 (NEW).]

2. If the debts consolidated arise exclusively from consumer credit sales, the transaction is a consolidation with respect to a consumer credit sale and the amount of the finance charge is governed by the provisions on finance charge for consumer credit sales other than open-end credit, section 2-201. If the debts consolidated include a debt arising from a consumer loan, the transaction is a consolidation with respect to a consumer loan and the amount of the finance charge is governed by the provisions on finance charge for consumer loans, section 2-401.

[PL 1987, c. 129, §51 (AMD).]

3. If a consumer owes an unpaid balance to a creditor with respect to a consumer credit transaction arising out of a consumer credit sale, and becomes obligated on another consumer credit transaction arising out of another consumer credit sale by the same seller, the parties may agree to a consolidation resulting in a single schedule of payments either pursuant to subsection 1 or by adding together the unpaid balances with respect to the two sales, except where adding the unpaid balances together results in a decrease of the maturity of an earlier transaction.

[PL 1975, c. 181 (AMD).]

4. Any consolidation under this section involving a supervised loan is subject to section 2-308.

[PL 1973, c. 762, §1 (NEW).]

5. This section does not apply to consumer leases or to successive transactions pursuant to an open-end credit arrangement.

[PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 181 (AMD). PL 1987, c. 129, §51 (AMD).

§2-506. Advances to perform covenants of consumer

1. If the agreement with respect to a consumer credit transaction contains covenants by the consumer to perform certain duties pertaining to insuring or preserving collateral and the creditor pursuant to the agreement pays for performance of the duties on behalf of the consumer, he may add the amounts paid to the debt. Within a reasonable time after advancing any sums, he shall state to the consumer in writing the amount of the sums advanced, any charges with respect to this amount, and any revised payment schedule and, if the duties of the consumer performed by the creditor pertain to insurance, a brief description of the insurance paid for by the creditor including the type and amount of coverages. No further information need be given.
[PL 1987, c. 129, §52 (AMD).]

2. A finance charge may be made for sums advanced pursuant to subsection 1 at a rate not exceeding the rate stated to the consumer pursuant to law in a disclosure statement, except that with respect to open-end credit the amount of the advance may be added to the unpaid balance of the debt and the creditor may make a finance charge not exceeding that permitted by the appropriate provisions on finance charge for consumer credit sales pursuant to open-end credit, section 2-202, or for consumer loans, section 2-402, whichever is appropriate.
[PL 1987, c. 129, §53 (AMD).]

3. This section does not apply to consumer leases.
[PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1987, c. 129, §§52,53 (AMD).

§2-507. Attorney's fees and collection costs

1. With respect to a consumer credit sale or lease, or a supervised loan, the agreement may not provide for the payment by the consumer of attorney's fees or any other collection cost. A provision in violation of this section is unenforceable.
[PL 1973, c. 762, §1 (NEW).]

2. With respect to any other consumer credit transaction, the agreement may provide for the payment by the debtor of reasonable attorney's fees not in excess of 15% of the unpaid debt after default and referral to an attorney not a salaried employee of the creditor, but the agreement may not provide for the payment by the consumer of any other collection costs. A provision in violation of this subsection is unenforceable.
[PL 1973, c. 762, §1 (NEW).]

3.

[PL 1981, c. 618, §6 (RP).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1981, c. 281, §2 (AMD). PL 1981, c. 618, §6 (AMD).

§2-508. Conversion to open end credit

The parties may agree to add the unpaid balance of a consumer credit transaction not made pursuant to open-end credit to the consumer's open-end credit account with the creditor. The unpaid balance so added is an amount equal to the amount financed determined according to the provisions on finance charge on refinancing, section 2-504. This section does not apply to consumer leases. [PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW).

§2-509. Right to prepay

Subject to the provisions on rebate upon prepayment, section 2-510, the consumer may prepay, in full or in part, the unpaid balance of a consumer credit transaction at any time without penalty, except for minimum charges as permitted by law. Notwithstanding any other provision of this Title, a reasonable charge may be assessed upon a consumer related to prepayment of a consumer loan made by a supervised financial organization and secured by an interest in land, other than a high-cost mortgage loan, as defined in the Federal Truth in Lending Act, 15 United States Code, Section 1601 et seq. if the charge is reasonably calculated to offset the cost of origination of the loan. The administrator shall adopt rules to implement this section. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A. [PL 2011, c. 427, Pt. D, §9 (AMD).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 2003, c. 263, §1 (AMD). PL 2007, c. 99, §1 (AMD). PL 2007, c. 273, Pt. C, §2 (AMD). PL 2009, c. 362, Pt. C, §1 (AMD). PL 2011, c. 427, Pt. D, §9 (AMD).

§2-510. Rebate upon prepayment

1. Except as provided in subsection 2, upon prepayment in full of the unpaid balance of a precomputed consumer credit transaction, an amount not less than the unearned portion of the finance charge calculated according to this section shall be rebated to the consumer. If the rebate otherwise required is less than $1, no rebate need be made.
[PL 1975, c. 433, §1 (RPR).]

2. Upon prepayment in full, but not upon a refinancing, section 2-504, of a consumer credit transaction, whether or not precomputed, other than one pursuant to open-end credit, the creditor may collect or retain a minimum charge as permitted by section 2-201, subsection 6, and section 2-401, subsection 7, if the minimum charge was contracted for and the finance charge at the time of prepayment is less than the minimum charge contracted for.
[PL 1975, c. 433, §1 (RPR).]

3. The creditor shall recompute or redetermine the earned finance charge by applying, according to the actuarial method, the annual percentage rate of finance charge required to be disclosed to the consumer pursuant to law to the actual unpaid balances of the amount financed for the actual time that the unpaid balances were outstanding as of the date of prepayment, giving effect to each payment, including payments of any deferral and delinquency charges, as of the date of the payment. The administrator shall adopt rules to simplify the calculation of the unearned portion of the finance charge, including allowance of the use of tables or other methods derived by application of a percentage rate which deviates by not more than 1/2 of 1% from the rate of the finance charge required to be disclosed to the consumer pursuant to law, and based on the assumption that all payments were made as originally scheduled or as deferred.
[PL 1979, c. 661, §2 (RPR).]

4.

[PL 1979, c. 661, §2 (RP).]

5.

[PL 1979, c. 661, §2 (RP).]

6. For transactions in which payments are not scheduled to be made in substantially equal instalments at equal periodic intervals, the administrator shall adopt rules consistent with this section providing for the calculation of the unearned portion of the finance charge.
[PL 1975, c. 433, §1 (RPR).]

7. Except as otherwise provided in subsection 3, this section does not preclude the collection or retention by the creditor of delinquency charges, section 2-502.
[PL 1979, c. 661, §3 (AMD).]

8. If the maturity is accelerated for any reason and judgment is entered, the consumer is entitled to the same rebate as if payment had been made on the date judgment is entered.
[PL 1975, c. 433, §1 (RPR).]

9. Upon prepayment in full of a precomputed consumer credit transaction by the proceeds of consumer credit insurance, section 4-103, the consumer or his estate is entitled to the same rebate as though the consumer had prepaid the agreement on the date the proceeds of insurance are paid to the creditor, but no later than 14 days after satisfactory proof of loss is furnished to the creditor.
[PL 1975, c. 433, §1 (RPR).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 433, §1 (RPR). PL 1979, c. 661, §§2,3 (AMD).

PART 6

OTHER CREDIT TRANSACTIONS

§2-601. Finance charge for other credit transactions

Except where otherwise provided by law with respect to a credit transaction other than a consumer credit transaction, the parties may contract for the payment by the debtor of any finance charge. [PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW).

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