

Date: (Filing No. H-)

INSURANCE AND FINANCIAL SERVICES

Reproduced and distributed under the direction of the Clerk of the House.

**STATE OF MAINE
HOUSE OF REPRESENTATIVES
126TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to H.P. 421, L.D. 602, Bill, “An Act Regarding the Regulation of Consumer Finance Companies”

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

Sec. 1. 9-A MRSA §2-401, sub-§2, as amended by PL 1997, c. 727, Pt. B, §10, is further amended to read:

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~~ simple interest method, not exceeding the equivalent of the following:

A. The total of:

- (i) ~~30%~~ 28% per year on that part of the unpaid balances of the amount financed that is ~~\$2,000~~ \$3,000 or less. No origination fees may be charged on a loan of \$3,000 or less;
- (ii) 24% per year on that part of the unpaid balances of the amount financed that is more than ~~\$2,000~~ \$3,000 but does not exceed ~~\$4,000~~ \$8,000; and
- (iii) 18% per year on that part of the unpaid balances of the amount financed that is more than ~~\$4,000~~ \$8,000.

Notwithstanding paragraph A, with respect to a consumer loan in which the amount financed exceeds ~~\$8,000~~ \$12,000, a lender may not contract for and receive a finance charge calculated according to the ~~actuarial~~ simple interest method in excess of 18% per year on the entire amount of the loan. A lender may not use the precomputed method of calculating a finance charge pursuant to this subsection.'

SUMMARY

This amendment is the minority report of the committee. The amendment updates the allowable finance charges on consumer loans by companies subject to the Department

COMMITTEE AMENDMENT

COMMITTEE AMENDMENT “ ” to H.P. 421, L.D. 602

1 of Professional and Financial Regulation, Bureau of Consumer Credit Protection and
2 requires the finance charges to be calculated according to the simple interest method.