

JOHN E. QUINN
SUPERINTENDENT



DEPARTMENT OF BUSINESS REGULATION
BUREAU OF CONSUMER PROTECTION
STATE HOUSE ANNEX
AUGUSTA, MAINE 04330
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ADVISORY RULING #1

(Formerly Administrative
Interpretation #1)

December 27, 1984

Dear Sir:

This is to confirm our conversation of this date relative to section 2-308(1) of the Maine Consumer Credit Code. Representative Neil Rolde informed this Bureau on December 23rd that you had notified a consumer borrower in York that your bank would be unable to renew or refinance his loan after January 1, 1975 due to certain provisions in the Maine Consumer Credit Code.

It appears from our discussion today that the Ocean National Bank has taken the position that Section 2-308(1) of the Maine Consumer Credit Code precludes the refinancing or renewal of consumer loans for less than \$1,000 if the loan is a single payment note.

A number of Maine bankers have raised this question and the Bureau has taken the position that neither the drafters nor the Legislature intended to prohibit single payment consumer notes for less than \$1,000 by the enactment of the language in section 2-308(1). While the language on this point is unclear in section 2-308(1), it would achieve a result clearly unwarranted by the history of this legislation to interpret this section as prohibiting single payment consumer loans.

We have met on several occasions with legal counsel representing Maine's commercial banks; specifically, Gerald Amero, Esquire, David Fisher, Esquire and Frank Chapman, Esquire, to discuss this question and other Code related matters. During our last meeting, I agreed to support an amendment to this section which would make clear that:

1. section 2-308(1) did not prohibit single payment notes; and
2. section 2-308(1) does not prohibit renewal or refinancing of loans subject to this section with the exception of those loans which may be subject to the limitations set forth in subsection (3) of section 2-308.

While this amendment will seek to clarify these points, please be advised that this Bureau presently interprets and will seek to enforce these sections accordingly, regardless of whether the proposed amendment is enacted.

If you have any further questions regarding the Code, please do not hesitate to contact the Bureau.

Respectfully,

/s/ John E. Quinn

John E. Quinn
Superintendent

JEQ/jh