

January 27, 1975

Dear

You have inquired whether, in fact, the language in 2.505(3) permits the parties engaged in the consolidation of two consumer credit sales to schedule the payments by adding together the unpaid balances with respect to the two sales.

The Code, does, in fact, permit the alternative form of consolidation where two credit sales by the same seller are involved. The comments to the uniform code relative to Section 2.505, indicates that this alternative method was permitted on the premise that the maturity of the first transaction would be extended. The Bureau of Consumer Protection will seek to prohibit, either by amendment or regulation, this alternative form of consolidation where the maturity of the first transaction is decreased.

You have also inquired as to this Bureau's interpretation of Sections 5.110 and 5.111 with respect to the necessity of creditors extending the Right to Cure on more than one occasion, once the Right to Cure has been properly given with regard to any default of an installment of a Consumer Credit sale.

In response, I have enclosed a copy of the Bureau's earlier response to a similar inquiry, which we have designated Administrative Interpretive Letter No. 5.

You have also requested our interpretation on the applicability of the Right to Cure in the context of open-end transactions. The language in The Maine Consumer Credit Code leaves substantial question in my mind as to whether the Right to Cure could be applied to open-end transactions in the same manner as it is more obviously applied to closed-end transactions. I believe it is a question which might best be resolved by amending The Maine Consumer Credit Code to include language similar to that found in Section 5.111(2) of the final uniform draft to the effect that: "in open-end credit, the obligation is the unpaid balance of the account and there is no Right to Cure and no limitation on the creditor's rights with respect to a default that occurs within twelve (12) months after an earlier default as to which a creditor has given a Notice of Consumer's Right to Cure." *

Respectfully,

/s/ John E. Quinn

John E. Quinn
Superintendent

JEQ/dab
Enclosure

***AR #88 AMENDMENT**

P.L. 1985, c. 336, §12 eliminated the different cure notice obligations that existed between open and closed-end credit transactions. In closed-end transactions consumers now have the same rights they have had in open-end, i.e., if a second default (by failure to make a required payment) occurs more than 12 months after a prior default that triggered a cure notice, a new cure notice must be issued before the creditor can exercise further remedies.

07/14/86