

JOHN E. QUINN
SUPERINTENDENT



DEPARTMENT OF BUSINESS REGULATION
BUREAU OF CONSUMER PROTECTION
STATE HOUSE ANNEX
AUGUSTA, MAINE 04330
(207)289-3731

ADVISORY RULING #17

(Formerly Administrative
Interpretation #20)

June 11, 1975

Dear

You have inquired whether Section 5.103 of the Code would apply to a consumer loan secured by collateral which remains in possession of the bank when the transaction is consummated.

In reviewing this Section, the history of the Code and the Uniform Code itself, it appears that Section 5.103 was intended to apply only to those consumer loans in which the collateral remains in the possession of the consumer and, following default, is either repossessed or surrendered.

The comments to the Uniform Code make it quite clear that this Section was intended to apply to only those loans which were an alternative to consumer credit sales in which the consumer retained possession of the collateral. It further appears that the type of abuse which this Section seeks to eliminate has not arisen in any degree in consumer loan transactions where the lender retained the collateral.

Respectfully,

/s/ John E. Quinn

John E. Quinn
Superintendent

JEQ/dab