BUREAU OF FINANCIAL INSTITUTIONS
36 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0036
(207) 624-8570
(207) 624-8590 (FAX)

LLOYD P. LAFOUNTAIN III
SUPERINTENDENT

BUREAU OF CONSUMER CREDIT PROTECTION
35 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0035
(207) 624-8527
(207) 582-7699 (FAX)

WILLIAM N. LUND
SUPERINTENDENT

January 6, 2011

Joint Advisory Ruling #118

Re: **Closed-end credit disclosures: Compliance guidance in light of the Federal Reserve's Interim TIL Rule published September 24, 2010 (75 Fed. Reg. 58470).**

Dear

You have sought confirmation from the Bureaus that until Maine's Regulation Z-2 is amended to parallel federal law a lender must continue to follow Maine's current version of 12 C.F.R. 226.18 (*i.e.*, the version effective at the federal level prior to September 24, 2010 and adopted by reference in Maine's Regulation Z-2). The Bureaus hereby confirm that you must follow Maine's current version of 226.18 when providing disclosures to Maine consumers. However, the Bureaus further declare that they will utilize their regulatory discretion and will not take action to enforce Maine's inconsistent disclosure provisions against lenders that act in conformity with the Federal Reserve's Interim Final Rule published September 24, 2010 (75 Fed. Reg. 58470).

Maine has its own truth-in-lending laws and regulations, and certain transactions subject to these laws are exempt from federal truth-in-lending laws and regulations. Historically, the Bureaus have made every effort to align Maine's Truth-in-Lending Regulation Z-2 with the federal regulation where authorized to do so. Pursuant to authority found in Maine law and in the federal Truth-in-Lending Act, loans made by Maine Supervised Lenders (e.g., state-chartered financial institutions, and licensees of the Bureau of Consumer Credit Protection) are exempt from certain provisions of the federal Truth-in-Lending Act and federal Regulation Z. The exemption is granted in the "Order Granting Exemptions to the States of Maine and Connecticut," 47 Fed. Reg. 36961 (August 24, 1982). The exemption extends to transactions covered by Maine's Truth-in-Lending Act (Article VIII of the Maine Consumer Credit Code), except those transactions in which the creditor is a federally-chartered financial institution.

As part of the Bureaus' continuing effort to keep pace with the changes in federal Regulation Z, a substantial revision matching changes to the federal regulations was effective August 1, 2010, incorporating changes to federal Regulation Z through February 22, 2010. The most recent revision to Regulation Z-2 becomes effective January 19, 2011 and captures changes to Regulation Z through June 29, 2010.

The new federal disclosures found in the Federal Reserve's Interim Final Rule published September 24, 2010 (75 Fed. Reg. 58470) are the product of extensive research into how best to provide clear and understandable loan terms to consumers. The Bureaus are issuing this no-action declaration because the new federal regulations provide more complete disclosures and better protection for Maine consumers. Further, as of this date, efforts are underway to incorporate the new disclosure terms, and other changes to federal Regulation Z, into Maine Regulation Z-2.

In summary, Maine law requires that lenders must follow Maine's current version of 226.18 (*i.e.*, the version effective at the federal level prior to September 24, 2010 and adopted by reference in Maine's Regulation Z-2) when providing disclosures to Maine consumers. However, the Bureaus will not take action to enforce Maine's inconsistent disclosure provisions against lenders that act in conformity with the Federal Reserves Interim Final Rule published September 24, 2010 (75 Fed. Reg. 58470).

Sincerely,   Sincerely,

/s/*Lloyd P. LaFountain III*   /s/*William N. Lund*
Lloyd P. LaFountain III, Superintendent   William N. Lund, Superintendent
Bureau of Financial Institutions   Bureau of Consumer Credit Protection