

MAINE BUREAU OF FINANCIAL INSTITUTIONS  
MAINE OFFICE OF CONSUMER CREDIT REGULATION  
SUPERINTENDENT'S  
NOTICE TO INTERESTED PARTIES

The Office of Consumer Credit Regulation and the Bureau of Financial Institutions are proposing to repeal the Office of Consumer Credit Regulation Chapters 180, 200, 220 and 240. The Bureau of Financial Institutions joins in this rulemaking to make clear that any repeal will apply to supervised financial organizations.

[Chapter 180, Definition of Official Fees](#), is being repealed due to changes in the law on which the rule was based. Rule 180 prevents a creditor from charging a borrower for filing a financing statement if the creditor's security interest in a consumer credit transaction is perfected without filing the financing statement. Under 11 M.R.S.A. §9-1320, filing may now be appropriate even when a lender is automatically perfected by a purchase money securities interest in consumer goods.

[Chapter 200, Rule on Re-Financing Multiple Transactions](#), is being repealed due to changes in the law on which the rule is based. Chapter 200 established a formula for use when re-financing multiple transactions. The formula found in the rule is no longer relevant to current law.

[Chapter 220, Change in Dollar Amounts](#), is being repealed due to changes in the law on which the rule is based. Chapter 220 changes various dollar amounts found throughout the Consumer Credit Code in order to keep pace with inflation. The dollar amounts have since been incorporated into the Consumer Credit Code.

[Chapter 230, Regulation Z-1](#), adopted the federal Truth-in-Lending regulations by reference to implement Article VII (now repealed) of the Maine Consumer Credit Code. The rule was re-promulgated as Chapter 240 but the original rule was never repealed. Chapter 230 is now being repealed.

Notice of these proposed Rules is being published by the Secretary of State. Interested parties may submit written comments or requests for a hearing to the Bureau of Financial Institutions, 36 State House Station, Augusta, Maine 04333-0036 or the Office of Consumer Credit Regulation, 35 State House Station, Augusta, Maine 04333-0035 by March 10, 2005. Electronic comments or requests for a hearing may be submitted by accessing the Internet Home Page of the Bureau of Financial Institutions

at <http://www.maine.gov/financialinstitutions> or the Home Page of the Office of Consumer Credit Regulation at <http://www.MaineCreditReg.org>.

/s/ Colette L. Mooney, Acting Superintendent  
Bureau of Financial Institutions

/s/ William N. Lund, Director  
Office of Consumer Credit Regulation

Gardiner, Maine  
February 9, 2005

## CHAPTER 180, DEFINITION OF OFFICIAL FEES

### **SUMMARY**

The Office of Consumer Credit Regulation adopted its Rule Chapter 180 to prohibit creditors from including filing fees in a consumer credit transaction if the filing was not required to perfect the creditor's security interest. Chapter 180 is now repealed due to recent changes in the Uniform Commercial Code ("UCC") on which the rule was based. Under the new UCC, filing may be appropriate even when a lender is automatically perfected by a purchase money security interest in consumer goods, a circumstance justifying a filing charge.

This rule was originally promulgated under the authority of 9-A M.R.S.A. §6-403 and 6-409. Those sections were repealed in 1986.

### **I. AUTHORITY**

Title 9-A M.R.S.A. §6-104 permits the Administrator to adopt, amend, and repeal rules to carry out the specific provisions of the Consumer Credit Code.

Title 9-A M.R.S.A. §6-103 and 1-301(2) state that except in cases in which a supervised financial organization is the creditor, the Administrator is the Director of the Office of Consumer Credit Regulation. In cases in which the creditor is a supervised financial organization, the Administrator is the Superintendent of Financial Institutions.

Title 9-A M.R.S.A. §6-105 states that with respect to supervised financial organizations, all powers of the Administrator under Title 9-A must be exercised by the Superintendent of the Bureau of Financial Institutions.

Title 9-B M.R.S.A. §215 permits the Superintendent of the Bureau of Financial Institutions to implement rules relating to the supervision of financial institutions or their subsidiaries or financial institution holding companies or their subsidiaries.

This rule does not have a separate Bureau of Financial Institutions chapter number. The chapter is applicable to supervised financial organizations under 9-A M.R.S.A. § 6-104(6). The Bureau of Financial Institutions joins in this rulemaking, to make clear that the repeal of Chapter 180 applies to supervised financial organizations. Pursuant to § 6-104(6), "unless... modified by the Superintendent of Financial Institutions," a rule as adopted by the Office of Consumer Credit Regulation will remain applicable to supervised financial organizations.

## **II. PURPOSE**

Rule 180 prevents a creditor from charging a borrower for filing a financing statement if the creditor's security interest in a consumer credit transaction is perfected without filing the financing statement. The rule was promulgated in response to changes to the UCC that provided automatic perfection for purchase money security interests in consumer goods when the amount financed was less than \$1,000. The statute under which Rule 180 was promulgated, the former 11 M.R.S.A. § 9-302 was repealed with enactment of 11 M.R.S.A. § 9-1309(1).

Under 11 M.R.S.A. § 9-1309(1), a creditor need not file to perfect a purchase money security interest in a consumer good with a purchase price of \$10,000 or less. However, even if the security interest is automatically perfected in this manner, 11 M.R.S.A. § 9-1320 now provides a means of defeating the creditor's interest. Section 9-1320(2) indicates that certain buyers of goods may take free of a security interest, even if perfected, if the buyer buys: (a) without knowledge of the security interest; (b) for value; (c) primarily for the buyer's personal, family or household purposes; and (d) before the filing of a financing statement covering the goods. Given § 9-1320's language, perfection pursuant to § 9-1309(1) is automatic but conditional, so creditors may choose to file a financing statement to protect their interests. Therefore, it is appropriate to repeal the prohibitions on charging such fees presently set forth in Rule 180.

## **III. GENERAL PROVISIONS**

Chapter 180 of the Rules of the Maine Office of Consumer Credit Regulation is repealed.

CHAPTER 200, RULE ON RE-FINANCING MULTIPLE TRANSACTIONS

## **SUMMARY**

The Office of Consumer Credit Regulation originally promulgated Rule Chapter 200 to establish a formula for use when re-financing multiple transactions. Rule 200 is now repealed due to changes in the law on which the rule is based. The formula found in the rule is not relevant to current law.

Rule 200 was originally promulgated under the authority of 9-A M.R.S.A. §6-403 and 6-409. Sections 6-403 and 6-409 were repealed in 1986.

### **I. AUTHORITY:**

Title 9-A M.R.S.A. §6-104 permits the Administrator to adopt, amend, and repeal rules to carry out the specific provisions of the Consumer Credit Code.

Title 9-A M.R.S.A. §6-103 and 1-301(2) state that except in cases in which a supervised financial organization is the creditor, the Administrator is the Director of the Office of Consumer Credit Regulation. In cases in which a supervised financial organization is the creditor, the Administrator is the Superintendent of Financial Institutions.

Title 9-A M.R.S.A. §6-105 states that with respect to supervised financial organizations, all powers of the Administrator under Title 9-A must be exercised by the Superintendent of the Bureau of Financial Institutions.

Title 9-B M.R.S.A. §215 permits the Superintendent of the Bureau of Financial Institutions to implement rules relating to the supervision of financial institutions or their subsidiaries or financial institution holding companies or their subsidiaries.

This rule does not have a separate Bureau of Financial Institutions chapter number. The chapter is applicable to supervised financial organizations under 9-A. M.R.S.A. §6-104(6). The Bureau of Financial Institutions joins in this rulemaking to make clear that the repeal of the Office of Consumer Credit Regulation Chapter 200 applies to supervised financial organizations. Pursuant to §6-104(6), "unless... modified by the Superintendent of Financial Institutions," a rule as adopted by the Office of Consumer Credit Regulation will remain applicable to supervised financial organizations.

### **II. PURPOSE**

Rule 200 established a formula based on 9-A M.R.S.A. §2-504 for calculating the maximum rate at which a lender could re-finance multiple consumer credit transactions. The limitation provided that a re-finance rate could not exceed the rate charged in the original loan agreement by more than ¼%. Because §2-504 no longer contains the rate increase limitation on which the formula was based, Rule 200 is unnecessary. Re-financing rates are now limited by the provisions on finance charges found in 9-A M.R.S.A. §2-201 and 2-401. Those

are the same limitations imposed on loan consolidations by 9-A M.R.S.A. §2-505.

Given the statutory changes, the definitions of "re-financing" and "consolidation" found in the original rule are also unnecessary. The definitions were created to determine which transactions were subject to the unique rate limitations on re-financing imposed by § 2-504. The definitions are no longer useful because re-financings are not subject to unique rate limitations under current law. Finally, the rule is not necessary to explain that § 2-504 and 2-505 provide lenders and borrowers with the ability to re-finance and to consolidate multiple transactions.

### **III. GENERAL PROVISIONS**

Chapter 200 of the Rules of the Maine Office of Consumer Credit Regulation is repealed.

## CHAPTER 220, CHANGE IN DOLLAR AMOUNTS

### **SUMMARY**

The Office of Consumer Credit Regulation adopted its Rule Chapter 220 to keep various dollar amounts found throughout the Consumer Credit Code in pace with inflation. Chapter 220 is now repealed due to changes in the law on which the rule is based.

#### **I. AUTHORITY:**

Title 9-A M.R.S.A. §6-104 permits the Administrator to adopt, amend, and repeal rules to carry out the specific provisions of the Consumer Credit Code.

Title 9-A M.R.S.A. §6-103 and 1-301(2) state that except in cases in which a supervised financial organization is the creditor, the Administrator is the Director of the Office of Consumer Credit Regulation. In cases in which the creditor is a supervised financial organization, the Administrator is the Superintendent of Financial Institutions.

Title 9-A M.R.S.A. §6-105 states that with respect to supervised financial organizations, all powers of the Administrator under Title 9-A must be exercised by the Superintendent of the Bureau of Financial Institutions.

Title 9-B M.R.S.A. §215 permits the Superintendent of the Bureau of Financial Institutions to implement rules relating to the supervision of financial

institutions or their subsidiaries or financial institution holding companies or their subsidiaries.

This rule does not have a separate Bureau of Financial Institutions chapter number. The chapter is applicable to supervised financial organizations under 9-A. M.R.S.A. § 6-104(6). The Bureau of Financial Institutions joins in this rulemaking to make clear that the repeal of the Office of Consumer Credit Regulation Chapter 220 applies to supervised financial organizations. Pursuant to §6-104(6), "unless...modified by the Superintendent of Financial Institutions," a rule as adopted by the Office of Consumer Credit Regulation will remain applicable to supervised financial organizations.

## **II. PURPOSE**

The Office of Consumer Credit Regulation adopted this rule to keep various dollar amounts found throughout the Consumer Credit Code in pace with inflation. The various dollar amounts were changed under the authority of 9-A M.R.S.A. §1-106, which was repealed in 1998. The dollar amounts that were increased have since been incorporated into Title 9-A at or above the level specified in the rule.

Rule 220 listed increases to the dollar amounts found in the following sections of the Consumer Credit Code.

1. §2-201(2) Graduated Rate Scale-Sales
2. §2-307(2) Restrictions on Interest in Land
3. §2-308(1) Maximum Loan Term
4. §2-401(2) Graduated Rate Scale- Loans
5. §2-502(1) Delinquency Charges
6. §3-301(1) Security in Sales or Leases
7. §4-301(3) Property Insurance
8. §5-103(2) Deficiency Judgment

## **III. GENERAL PROVISIONS**

Chapter 220 of the Rules of the Maine Office of Consumer Credit Regulation is repealed.

## CHAPTER 230, REGULATION Z-1

### **SUMMARY:**

In 1981, the Office of Consumer Credit Regulation adopted the federal Truth-in-Lending regulations by reference to implement Article VII (now repealed) of the Maine Consumer Credit Code. The rule was re-promulgated several times as Chapter 240 (Regulation Z-2) but the original rule was not repealed. Chapter 230 is now repealed.

## **I. AUTHORITY**

Title 9-A M.R.S.A. §6-104 permits the Administrator to adopt, amend, and repeal rules to carry out the specific provisions of the Consumer Credit Code.

Title 9-A M.R.S.A. §6-103 and 1-301(2) state that except in cases in which a supervised financial organization is the creditor, the Administrator is the Director of the Office of Consumer Credit Regulation. In cases in which the creditor is a supervised financial organization, the Administrator is the Superintendent of Financial Institutions.

Title 9-A M.R.S.A. §6-105 states that with respect to supervised financial organizations, all powers of the Administrator under Title 9-A must be exercised by the Superintendent of the Bureau of Financial Institutions.

Title 9-B M.R.S.A. §215 permits the Superintendent of the Bureau of Financial Institutions to implement rules relating to the supervision of financial institutions or their subsidiaries or financial institution holding companies or their subsidiaries.

This rule does not have a separate Bureau of Financial Institutions chapter number. The chapter is applicable to supervised financial organizations under 9-A M.R.S.A. § 6-104(6) The Bureau of Financial Institutions joins in this rulemaking to make clear that the repeal of the Office of Consumer Credit Regulation Chapter 230 applies to supervised financial organizations. Pursuant to §6-104(6), "unless...modified by the Superintendent of Financial Institutions," a rule as adopted by the Office of Consumer Credit Regulation will remain applicable to supervised financial organizations.

## **II. PURPOSE**

The original rule (Regulation Z-1) should have been repealed and replaced by Chapter 240 (Regulation Z-2). To avoid confusion as to which rule applies, Chapter 230 (Regulation Z-1) is repealed.

## **III. GENERAL PROVISIONS**

Chapter 230 of the Rules of the Maine Office of Consumer Credit Regulation is repealed.