ARTICLE 3

REGULATION OF AGREEMENTS AND PRACTICES

PART 1

GENERAL PROVISIONS

§3-101. Short title

This Article shall be known and may be cited as the "Maine Consumer Credit Code -- Regulation of Agreements and Practices." [PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW).

§3-102. Scope

Parts 2, 3 and 4 of this Article apply, respectively, to disclosure, limitations on agreements and practices, and limitations on consumer's liability with respect to consumer credit transactions. Part 5 applies to home solicitation sales. [PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW).

PART 2

DISCLOSURE

§3-201. Advertising

1. No creditor may engage in this State in false or misleading advertising concerning the terms or conditions of credit with respect to a consumer credit transaction or an open-end credit plan.
[PL 1987, c. 129, §54 (AMD).]

2. Without limiting the generality of subsection 1 and without requiring a statement of rate of finance charge if the finance charge is not more than $5 when the amount financed does not exceed $75, or $7.50 when the amount financed exceeds $75, an advertisement with respect to a consumer credit transaction or an open-end credit plan is misleading if:

A. It states the rate of finance charge and the rate is not stated in the form required by the provisions on disclosure; or [PL 1973, c. 762, §1 (NEW).]

B. It states the dollar amounts of the finance charge or instalment payments, and does not also state the rate of any finance charge and the number and amount of the installment payments. [PL 1985, c. 819, Pt. A, §13 (AMD).]

[PL 1987, c. 129, §55 (AMD).]

3. In this section a catalog or other multiple-page advertisement is considered a single advertisement if it clearly and conspicuously displays a credit terms table setting forth the information required by this section.
[PL 1973, c. 762, §1 (NEW).]

4. This section imposes no liability on the owner or personnel, as such, of any medium in which an advertisement appears or through which it is disseminated.
[PL 1973, c. 762, §1 (NEW).]

5. Advertising which complies with the Federal Consumer Credit Protection Act, 15 U.S.C.A. § 1601 et seq., does not violate subsection 2.
[PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1985, c. 819, §A13 (AMD). PL 1987, c. 129, §§54,55 (AMD).

§3-202. Entitlement to copy of written agreement

When a written agreement that requires or provides for the signature of the consumer and that evidences a consumer credit transaction other than one pursuant to open-end credit, the consumer is entitled to a copy of the agreement upon consummation of the transaction or within a reasonable time thereafter in the case of transactions entered into by mail, telephone or electronic means. [PL 1999, c. 150, §1 (RPR).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1981, c. 281, §3 (AMD). PL 1981, c. 293, §3 (AMD). PL 1981, c. 618, §7 (RPR). PL 1999, c. 150, §1 (RPR).

§3-203. Notice of assignment

The consumer is authorized to pay the original creditor until the consumer receives notification of assignment of rights to payment pursuant to a consumer credit transaction and that payment is to be made to the assignee. A notification that does not clearly and conspicuously identify the rights assigned is ineffective. If requested by the consumer, the assignee must seasonably furnish reasonable proof that the assignment has been made and unless the assignee does so the consumer may pay the original creditor. [RR 2025, c. 1, Pt. C, §14 (COR).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). RR 2025, c. 1, Pt. C, §14 (COR).

§3-204. Change in terms of open-end credit accounts

1. If a creditor makes a change in the terms of an open-end credit account without complying with this section, any additional cost or charge to the consumer resulting from the change is an excess charge and subject to the remedies available to consumers, section 5-201, and to the administrator, section 6-113.
[PL 1973, c. 762, §1 (NEW).]

2. Unless otherwise provided for in Article 8-A, a creditor may change the terms of an open-end credit account. Except as provided in subsections 3 and 3-A, the creditor shall give to the consumer written notice of any change of terms relating to penalties, interest or other charges at least 30 days before the effective date of the change. A change of terms that would increase any penalty, interest or other charges may not affect outstanding balances incurred prior to the effective date of any such change unless:

A. The creditor includes in the notice of change an offer to finance by a separate loan arrangement the outstanding unpaid balance as of the effective date of the change at the same rate of interest with the same repayment schedule as applies to that open-end credit account; [PL 1983, c. 212, §6 (AMD).]

B. The consumer may accept the offer of a separate loan arrangement with respect to the then existing unpaid balance anytime prior to 7 days before the change is to become effective; [PL 1983, c. 212, §6 (AMD).]

C. The creditor has legal authority to make such a loan; and [PL 1983, c. 212, §6 (AMD).]

D. No minimum finance charge is assessed nor prepayment penalty charged on the loan. [PL 1983, c. 212, §6 (AMD).]

[PL 2011, c. 427, Pt. A, §9 (AMD).]

3. The notice procedure specified in subsection 2 does not have to be followed if:

A. The consumer, after receiving the notice of the change and the consumer's rights specified in subsection 2, agrees in writing to the change; or [RR 2025, c. 1, Pt. C, §15 (COR).]

B. [PL 1983, c. 720, §12 (RP).]

C. The change applies only to debts incurred after a date specified in a notice of the change given 15 days prior to the effective date of the change. [PL 1983, c. 212, §7 (AMD).]

[RR 2025, c. 1, Pt. C, §15 (COR).]

3-A. No notice of a change in terms is required if the change involves no significant cost to the consumer.

[PL 1983, c. 720, §13 (NEW).]

4. The notice provided for in this section is given to the consumer when mailed to the consumer at the address used by the creditor for sending periodic billing statements.

[RR 2025, c. 1, Pt. C, §16 (COR).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 178 (AMD). PL 1983, c. 212, §§6,7 (AMD). PL 1983, c. 720, §§11-13 (AMD). PL 1999, c. 150, §2 (AMD). PL 2011, c. 427, Pt. A, §9 (AMD). RR 2025, c. 1, Pt. C, §§15, 16 (COR).

§3-205. Receipts; statements of account; evidence of payment

1. The creditor shall give or send to the consumer, without request, a written receipt for each payment by coin or currency on an obligation pursuant to a consumer credit transaction. A seller, but not an assignee, shall send, without request, a written receipt for each payment by money order on an obligation pursuant to a consumer credit sale. Sending to the customer a periodic statement showing a payment received by mail complies with this subsection, if it is sent to the debtor within 45 days after receipt of the payment.

[PL 1973, c. 762, §1 (NEW).]

2. Upon written request of the consumer, the person to whom an obligation is owed pursuant to a consumer credit transaction, other than one pursuant to open end credit, shall provide a written statement of the dates and amounts of payments made within the past 15 months and the total amount unpaid. The statement shall be provided without charge once during each year of the term of the obligation. If additional statements are requested, the creditor may charge not in excess of $1 for each additional statement.

[PL 1973, c. 762, §1 (NEW).]

3. Within 30 days after the consumer has fulfilled all obligations with respect to a consumer credit transaction, other than one pursuant to open end credit, the person to whom the obligation was owed shall give or send to the consumer written evidence acknowledging payment in full of all obligations with respect to the transaction.

[PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW).

§3-206. Notice to cosigners and similar parties

1. Notice required. A consumer is not obligated as a cosigner, as that term is defined in section 1-301, subsection 14-A, with respect to a consumer credit transaction, unless, before or contemporaneously with signing any separate agreement or any writing setting forth the terms of the debtor's agreement or in the case of an open-end account or plan prior to the first extension of credit pursuant to the plan, the consumer receives a written notice conforming to the requirements of subsection 2 and the following notices required to be given to the debtor as applicable:

A. Notice of the right to cure default under Article V; [PL 1981, c. 264, §1 (NEW).]

B. The material disclosures required under Article 8-A; [PL 2011, c. 427, Pt. D, §10 (AMD).]

C. Notices required under Title 11, Article 9-A; and [PL 1999, c. 699, Pt. D, §3 (AMD); PL 1999, c. 699, Pt. D, §30 (AFF).]

D. Notices required under Title 14, chapter 713. [PL 1981, c. 264, §1 (NEW).]

[PL 2011, c. 427, Pt. D, §10 (AMD).]

2. Form of notice. The notice required by subsection 1 shall be clear and conspicuous and shall contain the following information:

A. An identification of the creditor, debtor and date of transaction; [PL 1981, c. 264, §1 (NEW).]

B. A description of the nature and extent of the person's obligation in connection with the transaction; [PL 1981, c. 264, §1 (NEW).]

C. Except for open-end credit, the total of payments and, if applicable, the fact that delinquency charges and other costs may also be assessed; [PL 1981, c. 638, §4 (AMD).]

D. The fact that the creditor can take legal action against the person even though the person has not received any personal benefit in connection with the transaction; and [RR 2025, c. 1, Pt. C, §17 (COR).]

E. A statement informing the person of the person's right to a copy of the agreement that creates the person's obligation. [RR 2025, c. 1, Pt. C, §18 (COR).]

[RR 2025, c. 1, Pt. C, §§17, 18 (COR).]

3. Exception. The notice required by this section need not be given to a seller, lessor or lender who is obligated to an assignee of the seller's, lessor's or lender's rights.

[RR 2025, c. 1, Pt. C, §19 (COR).]

4. Copy of agreement. A person entitled to notice under this section shall be given a copy of any writing setting forth the terms of the debtor's agreement and any separate agreement signed by the person entitled to the notice.

[PL 1981, c. 638, §6 (AMD).]

5. Priority for collection. A creditor may not begin a legal action against a person entitled to notice under this section until the creditor has exercised due diligence to collect the debt from the debtor. This subsection does not apply if the person is jointly and severally liable with respect to the transaction.

[RR 2025, c. 1, Pt. C, §20 (COR).]

6. Definitions.

[PL 1987, c. 129, §57 (RP).]

7. Application. This section applies to all consumer credit transactions and open-end credit plans entered into after October 1, 1982.

[PL 1987, c. 129, §58 (AMD).]

8. Notice not required where cosigners given notice in conformance with certain federal regulations. The notice described in subsection 2 is not required in any consumer credit transaction or open-end credit plan in which the creditor gives a notice to cosigners in the form set forth in regulations promulgated by the Federal Trade Commission, the Federal Reserve Board or the Federal Home Loan Bank Board.
[PL 1987, c. 129, §59 (AMD).]

SECTION HISTORY

PL 1981, c. 264, §1 (NEW). PL 1981, c. 638, §§2-8 (AMD). PL 1985, c. 134, §§1,2 (AMD). PL 1987, c. 129, §§56-59 (AMD). PL 1999, c. 699, §D3 (AMD). PL 1999, c. 699, §D30 (AFF). PL 2011, c. 427, Pt. D, §10 (AMD). RR 2025, c. 1, Pt. C, §§17-20 (COR).

PART 3

LIMITATIONS ON AGREEMENTS AND PRACTICES

§3-301. Security in sales or leases

1. With respect to a consumer credit sale, a seller may take a security interest in the property sold. In addition, a seller may take a security interest in goods upon which services are performed or in which goods sold are installed or to which they are annexed, or in land to which the goods are affixed or which is maintained, repaired or improved as a result of the sale of the goods or services, if in the case of a security interest in land the debt secured is $2,800 or more, or, in the case of a security interest in goods, the debt secured is $1,000 or more. Except as provided with respect to cross-collateral, section 3-302, a seller may not otherwise take a security interest in property of the buyer to secure the debt arising from a consumer credit sale.
[PL 1997, c. 727, Pt. B, §13 (AMD).]

2. With respect to a consumer lease, a lessor may not take a security interest in property of the lessee to secure the debt arising from the lease.
[PL 1981, c. 243, §§16 and 26 (AMD).]

3. A security interest taken in violation of this section is void.
[PL 1973, c. 762, §1 (NEW).]

4.

[PL 1997, c. 727, Pt. B, §14 (RP).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1981, c. 243, §§15,16,26 (AMD). PL 1981, c. 551, §3 (AMD). PL 1985, c. 316, §2 (AMD). PL 1985, c. 763, §§A36,37 (AMD). PL 1997, c. 727, §§B13,14 (AMD).

§3-302. Cross-collateral

1. In addition to contracting for a security interest pursuant to the provisions on security in sales or leases, section 3-301, a seller in a consumer credit sale may secure the debt arising from the sale by contracting for a security interest in other property if as a result of a prior sale the seller has an existing security interest in the other property. The seller may also contract for a security interest in the property sold in the subsequent sale as security for the previous debt.
[PL 1973, c. 762, §1 (NEW).]

2. If the seller contracts for a security interest in other property pursuant to this section, the rate of finance charge thereafter on the aggregate unpaid balances so secured may not exceed that permitted

if the balances so secured were consolidated pursuant to the provisions on consolidation involving a refinancing, section 2-505, subsection 1. The seller has a reasonable time after so contracting to make any adjustments required by this section. "Seller" in this section does not include an assignee not related to the original seller.
[PL 1987, c. 129, §60 (AMD).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1987, c. 129, §60 (AMD).

§3-303. Debt secured by cross-collateral

1. If debts arising from 2 or more consumer credit sales, other than sales pursuant to open-end credit, are secured by cross-collateral, section 3-302 or consolidated into one debt payable on a single schedule of payments, and the debt is secured by security interests taken with respect to one or more of the sales, payments received by the seller after the taking of the cross-collateral or the consolidation are deemed, for the purpose of determining the amount of the debt secured by the various security interests, to have been first applied to the payment of the debts arising from the sales first made. To the extent debts are paid according to this section, security interests in items of property terminate as the debts originally incurred with respect to each item is paid.
[PL 1981, c. 243, §17 (AMD).]

2. Payments received by the seller upon an open-end credit account are deemed, for the purpose of determining the amount of the debt secured by the various security interests, to have been applied first to the payment of finance charges in the order of their entry to the account and then to the payment of debts in the order in which the entries to the account showing the debts were made.
[PL 1973, c. 762, §1 (NEW).]

3. If the debts consolidated arose from two or more sales made on the same day, payments received by the seller are deemed, for the purpose of determining the amount of the debt secured by the various security interests, to have been applied first to the payment of the smallest debt.

[PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1981, c. 243, §17 (AMD). PL 1981, c. 243, §§17,26 (AMD). PL 1981, c. 551, §3 (AMD).

§3-304. Use of multiple agreements

1. A creditor may not use multiple agreements with intent to obtain a higher finance charge than would otherwise be permitted by the provisions of the Article on Finance Charges and Related Provisions, Article II.
[PL 1973, c. 762, §1 (NEW).]

2. With respect to a supervised loan, a lender uses multiple agreements if, with intent to obtain a higher finance charge than would otherwise be permitted, the lender allows any person, or married couple, to become obligated in any way under more than one loan agreement with the lender or with a person related to the lender.
[RR 2025, c. 1, Pt. C, §21 (COR).]

3. The intent necessary, under subsections 1 and 2, shall be rebuttably presumed in any transaction in which a creditor who is required to disclose an annual percentage rate which is greater than 18% per year in a significant portion of its consumer credit transactions uses multiple agreements with the result of obtaining a higher credit service charge than would otherwise be permitted by this Article.
[PL 1973, c. 762, §1 (NEW).]

4. The excess amount of finance charge provided for in this section is an excess charge for the purposes of the provisions on rights of parties, section 5-201, and the provisions on civil actions by administrator, section 6-113.
[PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). RR 2025, c. 1, Pt. C, §21 (COR).

§3-305. No assignment of earnings

1. A creditor may not take an assignment of earnings of the consumer for payment or as security for payment of a debt arising out of a consumer credit transaction. An assignment of earnings in violation of this section is unenforceable by the assignee of the earnings and revocable by the consumer. This section does not prohibit an employee from authorizing deductions from the employee's earnings if the authorization is revocable at will.
[RR 2025, c. 1, Pt. C, §22 (COR).]

2. A sale of unpaid earnings made in consideration of the payment of money to or for the account of the seller of the earnings is deemed to be a loan to the seller secured by an assignment of earnings.
[RR 2025, c. 1, Pt. C, §23 (COR).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). RR 2025, c. 1, Pt. C, §§22, 23 (COR).

§3-306. Authorization to confess judgment prohibited

No agreement for a consumer credit transaction may contain an authorization for any person to confess judgment on any claim. No seller or lessor may take such an authorization. Any such authorization is void. [PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW).

§3-307. Certain negotiable instruments prohibited

With respect to a consumer credit sale or consumer lease, the creditor may not take a negotiable instrument, other than a currently dated check or a draft payable within 7 days of such sale or lease.
[PL 1981, c. 243, §18 (AMD).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1981, c. 243, §§18,26 (AMD). PL 1981, c. 551, §3 (AMD).

§3-308. Schedule of payments; balloon payments

With respect to a consumer credit transaction having a schedule of payments requiring more than one payment of principal other than one pursuant to open-end credit: [PL 1985, c. 113, §2 (RPR).]

1. Except as provided in this section, no creditor may contract for or receive payments of principal and interest pursuant to a schedule of payments under which any one payment is not substantially equal to all other payments, excluding any down payment receivable by the creditor or under which the intervals between any consecutive payments differ substantially;
[PL 1985, c. 113, §2 (RPR).]

2. When a consumer's livelihood is dependent upon seasonal or intermittent income, the parties may agree in a separate writing that one or more payments or the intervals between one or more payments may be reduced or expanded in accordance with the needs of the consumer if the payments or intervals are expressly related to the consumer's expected income;
[PL 1985, c. 113, §2 (RPR).]

3. A schedule of payments may provide for the deferral of the first periodic payment subsequent to any down payment for a period of not more than 12 months, except that interest or costs may not accrue in connection with the deferral of the first periodic payment if the deferral is for a period of time in excess of 120 days;
[PL 2011, c. 87, §1 (AMD).]

4. A schedule of payments may require a final payment not substantially equal to all other periodic payments if the transaction is made for a term of not less than 4 years and if the contract evidencing the consumer credit transaction gives the consumer the right to refinance the amount of the final payment in order to fully amortize the obligation on terms then generally offered by the creditor, if the consumer satisfies reasonable credit standards and if the property satisfies reasonable loan-to-value standards. The administrator shall examine the reasonableness of standards during regular examinations and upon consumer complaint. At least 60 days but not more than 180 days prior to the maturity of the loan, the creditor must notify the consumer in writing of the maturity date and the amount due on the maturity date. The 4-year limitation does not apply to a consumer credit transaction secured by a motor vehicle if the contract evidencing the transaction otherwise conforms to the requirements of this section and also permits the consumer to transfer the motor vehicle to the creditor in lieu of making the final payment without further liability, except that the contract may provide for the assessment against the consumer of one or more of the following:

A. A reasonable disposition fee; [PL 2003, c. 543, §1 (NEW).]

B. Reasonable charges for excess mileage; [PL 2003, c. 543, §1 (NEW).]

C. Reasonable charges for excess wear and tear; and [PL 2003, c. 543, §1 (NEW).]

D. Reasonable charges for damage to the motor vehicle; and [PL 2003, c. 543, §1 (NEW).]
[PL 2003, c. 543, §1 (AMD).]

5. With respect to any transaction in violation of this section, the consumer shall have the right, at any time, without further cost or obligation, to revise the schedule of payments to conform both the payments and intervals to the average of all payments and intervals.
[PL 1985, c. 113, §2 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1981, c. 243, §§19,26 (AMD). PL 1981, c. 551, §3 (AMD). PL 1985, c. 113, §2 (RPR). PL 1997, c. 94, §2 (AMD). PL 2001, c. 82, §1 (AMD). PL 2001, c. 482, §1 (AMD). PL 2003, c. 543, §1 (AMD). PL 2011, c. 87, §1 (AMD).

§3-309. Referral sales

With respect to a consumer credit sale or consumer lease, the seller or lessor may not give or offer to give a rebate or discount or otherwise pay or offer to pay value to the buyer or lessee as an inducement for a sale or lease in consideration of the buyer's or lessee's giving to the seller or lessor the names of prospective purchasers or lessees, or otherwise aiding the seller or lessor in making a sale or lease to another person, if the earning of the rebate, discount or other value is contingent upon the occurrence of an event subsequent to the time the buyer or lessee agrees to buy or lease. An agreement containing a violation of this section is unenforceable by the seller or lessor; and the buyer or lessee, at the buyer's or lessee's option, may rescind the agreement or retain the goods delivered and the benefit of any services performed, without any obligation to pay for them. [RR 2025, c. 1, Pt. C, §24 (COR).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). RR 2025, c. 1, Pt. C, §24 (COR).

§3-310. Variable rate transactions

1. In connection with a consumer credit transaction in which the interest rate may vary during the term of the transaction, the creditor shall make disclosures in accordance with section 8-504.

A. [PL 2013, c. 464, §1 (RP).]

B. [PL 2013, c. 464, §1 (RP).]

C. [PL 2013, c. 464, §1 (RP).]

D. [PL 2013, c. 464, §1 (RP).]

E. [PL 1989, c. 457, §§3, 9 (RP); PL 1989, c. 600, Pt. B, §§7, 8 (AFF).]

F. [PL 1989, c. 457, §§3, 9 (RP); PL 1989, c. 600, Pt. B, §§7, 8 (AFF).]

G. [PL 1989, c. 457, §§3, 9 (RP); PL 1989, c. 600, Pt. B, §§7, 8 (AFF).]

H. [PL 1989, c. 457, §§3, 9 (RP); PL 1989, c. 600, Pt. B, §§7, 8 (AFF).]

[PL 2013, c. 464, §1 (AMD).]

1-A. In connection with a consumer credit transaction in which the interest rate may vary during the term of the transaction, the creditor may only use an index or other method that is beyond its control for determining any increase or decrease in the interest rate.

[PL 1989, c. 457, §§4, 9 (AMD); PL 1989, c. 600, Pt. B, §§7, 8 (AFF).]

2. A variation in the interest rate in accordance with the disclosures required by subsection 1 shall not be considered a refinancing under section 2-504 or a change in terms under section 3-204.

[PL 1989, c. 457, §§5, 9 (AMD); PL 1989, c. 600, Pt. B, §§7, 8 (AFF).]

3. A variation in the interest rate not in accordance with the disclosures of limits on interest rate changes and examples of the effects of a change made in accordance with subsection 1, shall be considered a charge in excess of that allowed by this Code under section 5-201, subsections 3 and 4.

[PL 1989, c. 457, §§6, 9 (AMD); PL 1989, c. 600, Pt. B, §§7, 8 (AFF).]

4. Subsection 1-A does not apply to a consumer loan secured by a savings or time deposit if the difference between the rate of interest on the savings or time deposit and the interest rate on the loan at no time exceeds the difference between the 2 when the loan was made.

[PL 1989, c. 457, §§7, 9 (AMD); PL 1989, c. 600, Pt. B, §§7, 8 (AFF).]

5.

[PL 1987, c. 396, §9 (RP).]

6.

[PL 1987, c. 396, §10 (RP).]

SECTION HISTORY

PL 1981, c. 138 (NEW). PL 1981, c. 579 (AMD). PL 1983, c. 212, §8 (AMD). PL 1983, c. 720, §§14-20 (AMD). PL 1985, c. 336, §§5, 6 (AMD). PL 1985, c. 763, §A38 (AMD). PL 1987, c. 129, §61 (AMD). PL 1987, c. 396, §§9, 10 (AMD). PL 1989, c. 457, §§3-7, 9 (AMD). PL 1989, c. 600, §§B7, 8 (AFF). PL 1999, c. 150, §3 (AMD). PL 2011, c. 427, Pt. A, §10 (AMD). PL 2013, c. 464, §1 (AMD).

§3-311. Consumer's choice of attorney in residential mortgage transaction

A supervised lender that accepts an application for a residential mortgage loan for one to 4 residential units and that requires that an attorney search the title of the subject real estate shall permit the prospective mortgagor to select a qualified attorney of the prospective mortgagor's own choice to search the title of the subject real estate and certify that title to the lender or land title insurance company, except that the lender may require the prospective mortgagor's attorney to provide it with evidence of adequate liability insurance or land title insurance or such other written policy requirements as the lender may consider necessary to protect its interests, except that if all such requirements are met

by the attorney chosen by the mortgagor, additional legal costs may not be assessed by the lender against the mortgagor for review of the title search or any other relevant title documents by the lender, its title company or attorney. [RR 2025, c. 1, Pt. C, §25 (COR).]

A supervised lender subject to this section shall provide written notice to the prospective mortgagor that the prospective mortgagor has the right to select a qualified attorney of the prospective mortgagor's own choice for the performance of title work. The notice must inform the prospective mortgagor that if the attorney chosen by the mortgagor meets the lender's requirements, then additional fees may not be charged to the mortgagor for title work. If the prospective mortgagor indicates on the written notice that the prospective mortgagor does not wish to exercise the prospective mortgagor's right to select an attorney, then the lender may recommend an attorney. [RR 2025, c. 1, Pt. C, §25 (COR).]

This section may not be construed to require certification of title to a supervised lender if that lender does not so require, or to a land title insurance company if that company does not so require. [RR 2025, c. 1, Pt. C, §25 (COR).]

SECTION HISTORY

PL 1983, c. 150, §1 (NEW). PL 1985, c. 311, §1 (RPR). RR 2025, c. 1, Pt. C, §25 (COR).

§3-312. Interest to be paid on funds held in escrow

A supervised lender, including any of its assignees, that makes loans secured by a mortgage on real estate and which holds funds of a mortgagor in an escrow account for the payment of taxes or insurance premiums, either on its own behalf or on behalf of another mortgagee, shall pay interest on those funds in accordance with Title 9-B, section 429. [PL 1983, c. 679, §1 (NEW).]

SECTION HISTORY

PL 1983, c. 679, §1 (NEW).

§3-313. Real estate appraisals; copies

A creditor that imposes a fee on a person for the cost of an appraisal of any real estate shall furnish to the person, at no cost, one copy of the appraisal upon request, if the request is made within 90 days after the creditor has provided notice of action taken on the application for credit or the date of the closing, whichever is later, or 90 days after the application is withdrawn. [PL 1999, c. 150, §4 (AMD).]

SECTION HISTORY

PL 1987, c. 265, §1 (NEW). PL 1999, c. 150, §4 (AMD).

§3-314. Privacy of consumer financial information

A creditor shall comply with the provisions of the federal Gramm-Leach-Bliley Act, 15 United States Code, Section 6801 et seq. (1999) and the applicable implementing federal Privacy of Consumer Information regulations, as adopted by the Office of the Comptroller of the Currency, 12 Code of Federal Regulations, Part 40 (2001); the Board of Governors of the Federal Reserve System, 12 Code of Federal Regulations, Part 216 (2001); the Federal Deposit Insurance Corporation, 12 Code of Federal Regulations, Part 332 (2001); the Office of Thrift Supervision, 12 Code of Federal Regulations, Part 573 (2001); the National Credit Union Administration, 12 Code of Federal Regulations, Part 716 (2001); the Federal Trade Commission, 16 Code of Federal Regulations, Part 313 (2001); or the Securities and Exchange Commission, 17 Code of Federal Regulations, Part 248 (2001), if the creditor is a financial institution as defined in those regulations. This section is not intended to permit the release of health care information except as permitted by Title 22, section 1711-C or Title 24-A, chapter 24. This section does not apply to a supervised financial organization. [PL 2001, c. 262, Pt. A, §1 (NEW).]

SECTION HISTORY

PL 2001, c. 262, §A1 (NEW).

§3-315. Choice of accounting, tax or attest services provider

A supervised lender may not, in connection with the extension of credit, interfere with a purchaser's or borrower's free choice of an accounting, tax or attest services provider who is accredited as a certified public accountant, public accountant or enrolled agent, except that the supervised lender may require the provider chosen by the purchaser or borrower to provide adequate evidence of liability insurance or such other written policy requirements as the supervised lender may determine necessary to protect its interest. [PL 2007, c. 466, Pt. B, §3 (RPR); PL 2007, c. 466, Pt. B, §5 (AFF).]

SECTION HISTORY

PL 2007, c. 185, §1 (NEW). PL 2007, c. 273, Pt. A, §1 (NEW). PL 2007, c. 273, Pt. A, §41 (AFF). PL 2007, c. 466, Pt. B, §3 (RPR). PL 2007, c. 466, Pt. B, §5 (AFF).

§3-316. Real estate settlement procedures

A creditor and its mortgage loan originators shall comply with the provisions of the federal Real Estate Settlement Procedures Act of 1974, 12 United States Code, Section 2601 et seq. and its implementing regulation, Regulation X, 12 Code of Federal Regulations, Section 1024.1 et seq. [PL 2013, c. 464, §2 (AMD).]

SECTION HISTORY

PL 2007, c. 466, Pt. B, §4 (NEW). PL 2007, c. 466, Pt. B, §5 (AFF). PL 2011, c. 427, Pt. B, §9 (AMD). PL 2013, c. 464, §2 (AMD).

PART 4

LIMITATIONS ON CONSUMER'S LIABILITY

§3-401. Restriction on liability in consumer lease

The obligation of a lessee upon expiration of a consumer lease may not exceed twice the average payment allocable to a monthly period under the lease. This limitation does not apply to charges for damages to the leased property or for other default. [PL 1981, c. 243, §20 (AMD).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1981, c. 243, §§20,26 (AMD). PL 1981, c. 551, §3 (AMD).

§3-402. Limitation on default charges

1. The agreement with respect to a consumer credit transaction may not provide for any charges as a result of default by the consumer, except that the agreement may provide for the following:

A. Charges authorized by other provisions of this Act; [PL 1991, c. 237 (NEW).]

B. Notwithstanding section 2-507, reasonable charges incurred in realizing on a security interest in personal property securing a consumer loan, consumer lease or a consumer credit sale, other than attorney's fees; and [PL 1999, c. 150, §5 (AMD).]

C. Notwithstanding section 2-507, reasonable attorney's fees, legal expenses and other reasonable costs incurred in realizing on real property securing a consumer loan or a consumer credit sale. [PL 1991, c. 237 (NEW).]

[PL 1999, c. 150, §5 (AMD).]

2. A provision in violation of this section is unenforceable.

[PL 1991, c. 237 (NEW).]

3. Notwithstanding subsections 1 and 2, a creditor that complies with Title 14, sections 6071 and 6073 is entitled to the remedies provided in those sections when an instrument that the creditor has taken in connection with a consumer loan, consumer lease or consumer credit sale is dishonored.
[PL 1999, c. 150, §6 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1981, c. 293, §4 (AMD). PL 1991, c. 237 (RPR). PL 1999, c. 150, §§5,6 (AMD).

§3-403. Assignee subject to defenses

1. With respect to a consumer credit sale or consumer lease, an assignee of the rights of the seller or lessor is subject to all claims and defenses of the buyer or lessee against the seller or lessor arising out of the sale or lease notwithstanding that:

A. There is an agreement to the contrary; or [PL 1973, c. 762, §11 (NEW).]

B. The assignee is a holder in due course of a negotiable instrument issued in violation of the provisions on prohibition of certain negotiable instruments, section 3-307. [PL 1973, c. 762, §11 (NEW).]
[PL 1981, c. 243, §§ 21, 26 (AMD).]

2. The assignee's liability under subsection 1 may not exceed the amount owing to the assignee with respect to the sale or lease at the time the assignee has notice of a claim or defense of the buyer or lessee. If debts arising from 2 or more consumer credit sales, other than pursuant to open-end credit, or consumer leases are consolidated, payments received after the consolidation are deemed, for the purpose of determining the amount owing the assignee with respect to a sale or lease, to have been first applied to the payment of debts arising from the sales or leases first made; if the debts consolidated arose from sales or leases made on the same day, payments are deemed to have been first applied to the smallest debt. Payments received upon a revolving charge account are deemed, for the purpose of determining the amount owing, the assignee with respect to a sale, to have been first applied to the payment of credit service charges in the order of their entry to the account and then to the payment of debts in the order in which the entries to the account showing the debts were made.
[PL 1973, c. 762, §1 (NEW).]

3. No agreement may provide greater rights for an assignee than this section permits and any provision granting such greater rights is unenforceable.
[PL 1973, c. 762, §1 (NEW).]

4. For the purposes of this section, assignee includes the issuer of a credit card, other than a lender credit card, when such card is used in a consumer sale or lease made with a person other than the issuer.
[PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1981, c. 243, §§21,26 (AMD). PL 1981, c. 551, §3 (AMD).

§3-404. Interlocking loans

1. A lender who makes a consumer loan for the purpose of enabling a consumer to buy from a seller goods or services, is subject to all claims and defenses of the consumer against the seller arising from the sale of the goods and services if:

A. The cash price of the item with respect to which a dispute exists is in excess of $50 and is made in this State by a seller who allows the consumer to purchase the goods or services pursuant to a lender credit card or similar arrangement involving third parties and the residence of the consumer is in this State and the consumer has made a good faith effort to communicate to the seller the existence of the dispute; [PL 1975, c. 284, §1 (AMD).]

B. The lender was a person having a legal relationship with the seller and the relationship was not remote or was a factor in making the sale or loan; [PL 1973, c. 762, §1 (NEW).]

C. The seller guaranteed the loan or otherwise assumed the risk of loss by the lender upon the loan; or [PL 1973, c. 762, §1 (NEW).]

D. The lender directly supplied the seller with a form used by the debtor to evidence or secure the loan. [PL 1973, c. 762, §1 (NEW).]

[PL 1981, c. 243, §§22, 26 (AMD).]

2. The lender's liability under this section may not exceed the amount owing to the lender with respect to the cash price of the disputed item at the time the lender has notice of a claim or defense of the buyer against the seller. If 2 or more consumer loans, other than pursuant to a revolving loan account, are consolidated, payments received after the consolidation are deemed, for the purpose of determining the amount owing the lender with respect to the sale, to have been first applied to the payment of the loans first made; if the loans consolidated arose from sales made on the same day, payments are deemed to have been first applied to the smallest loan. Payments received upon open-end credit are deemed, for the purpose of determining the amount owing the lender with respect to the sale, to have been first applied to the payment of finance charges in the order of their entry to the account and then to the payment of loans in the order in which the entries to the account showing the loans were made.

[PL 1975, c. 284, §2 (AMD).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 284, §§1,2 (AMD). PL 1981, c. 243, §§22,26 (AMD). PL 1981, c. 551, §3 (AMD).

§3-404-A. Interlocking leases

1. A lessor who enters into a consumer lease for the purpose of enabling a consumer to obtain the use and possession of goods from a seller who is a merchant with respect to the goods is subject to all claims and defenses of the consumer against the seller with respect to the leased goods if:

A. The lessor was a person having a legal relationship with the seller and the relationship was not remote or was a factor in entering into the lease; [PL 1991, c. 805, §1 (NEW).]

B. The seller guaranteed the lease or otherwise assumed the risk of loss by the lessor upon the lease; or [PL 1991, c. 805, §1 (NEW).]

C. The lessor directly supplied the seller with a form used by the lessee to evidence or secure the lease. [PL 1991, c. 805, §1 (NEW).]

[PL 1991, c. 805, §1 (NEW).]

2. The lessor's liability under this section may not exceed the amount that would be due to the lessor if the lease were terminated on the date the lessor receives notice of a claim or defense of the lessee against the seller.

[PL 1991, c. 805, §1 (NEW).]

SECTION HISTORY

PL 1991, c. 805, §1 (NEW).

PART 5

HOME SOLICITATION SALES

§3-501. Definition: "Home solicitation sale"

"Home solicitation sale" means a consumer credit sale of goods, other than farm equipment, or services in which the seller or a person acting for the seller engages in a personal solicitation of the sale at a residence of the buyer and the buyer's agreement or offer to purchase is there given to the seller or a person acting for the seller. It includes a sale in which the seller allows the buyer to purchase goods or services pursuant to a lender credit card. It does not include a sale made pursuant to a preexisting open-end credit account, a sale made pursuant to prior negotiations between the parties at a business establishment at a fixed location where goods or services are offered or exhibited for sale or a sale that is subject to the provisions on the consumer's right to rescind certain transactions of the Federal Truth in Lending Act. A sale that would be a home solicitation sale if credit were extended by the seller is a home solicitation sale although the goods or services are paid for in whole or in part by a consumer loan in which the lender is subject to defenses arising from the sale, section 3-404. [RR 2025, c. 1, Pt. C, §26 (COR).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). RR 2025, c. 1, Pt. C, §26 (COR).

§3-502. Buyer's right to cancel

1. In addition to any right otherwise to revoke an offer, the buyer has the right to cancel a home solicitation sale until midnight of the third business day after the day on which the buyer signs an agreement or offer to purchase which complies with this Part.
[PL 1973, c. 762, §1 (NEW).]

1-A. In addition to any other right to avoid a contract or sale, the first-time buyer of a home solicitation sale of a home food service plan has the right prior to delivery of the food or nonfood items to cancel the sale until midnight of the 10th day after the date on which the buyer signs an agreement or offer to purchase that complies with this Part.
[PL 1991, c. 750, §1 (NEW).]

2. Cancellation occurs when the buyer gives written notice of cancellation to the seller at the address stated in the agreement or offer to purchase.
[PL 1973, c. 762, §1 (NEW).]

3. Notice of cancellation, if given by mail, is given when it is deposited in a mailbox properly addressed and postage prepaid.
[PL 1973, c. 762, §1 (NEW).]

4. Notice of cancellation given by the buyer need not take a particular form and is sufficient if it indicates by any form of written expression the intention of the buyer not to be bound by the home solicitation sale.
[PL 1973, c. 762, §1 (NEW).]

5. If the agreement or offer to purchase requires the seller to affix goods permanently to real estate or its appurtenances, then the seller may not begin performance as long as the buyer has the right to cancel.
[PL 1981, c. 187, §1 (NEW).]

6. If the agreement or offer to purchase requires the seller to deliver a home food service plan, the seller shall allow the first-time buyer of a home food service plan to cancel the plan, without charge, at the time of delivery of the food or nonfood items.
[PL 1991, c. 750, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1981, c. 187, §1 (AMD). PL 1991, c. 750, §1 (AMD).

§3-503. Form of agreement or offer; statement of buyer's rights

1. In a home solicitation sale, the seller must present to the buyer and obtain the buyer's signature to a written agreement or offer to purchase that designates as the date of the transaction the date on which the buyer actually signs, contains a statement of the buyer's rights that complies with subsection 2 and contains the terms of the sale. A completely executed copy of the agreement must be furnished by the seller to the buyer immediately after the buyer signs the agreement.
[RR 2025, c. 1, Pt. C, §27 (COR).]

2. The statement must:

A. Appear under the conspicuous caption: "BUYER'S RIGHT TO CANCEL;" and [PL 1973, c. 762, §1 (NEW).]

B. Read as follows: "If this agreement was solicited at your residence and you do not want the goods or services, you may cancel this agreement by mailing a notice to the seller. The notice must say that you do not want the goods or services and must be mailed before midnight of .....(Stated date) when cancellation right lapses. The notice must be mailed to: ..... (Insert name and mailing address of seller). If you cancel by this date, the seller may not keep any of your cash down payment. If this agreement requires the seller to affix goods to real estate, then the seller may not begin the work until ..... (Stated date) when cancellation right lapses." [PL 1981, c. 187, §2 (AMD).]
[PL 1981, c. 187, §2 (AMD).]

3. A home solicitation sales contract that contains the notice of cancellation forms and content required by the Federal Trade Commission's trade regulation rule providing for a time period within which a home solicitation sale may be cancelled is deemed as complying with the requirements of this Part, so long as the Federal Trade Commission rule provides at least equal information to the consumer concerning the consumer's right to cancel as is required by this Part.
[RR 2025, c. 1, Pt. C, §28 (COR).]

4. Until the seller has complied with this section, the buyer may cancel the home solicitation sale by notifying the seller in any manner and by any means of the buyer's intention to cancel.
[RR 2025, c. 1, Pt. C, §29 (COR).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 134, §1 (AMD). PL 1981, c. 187, §2 (AMD). RR 2025, c. 1, Pt. C, §§27-29 (COR).

§3-503-A. Frozen food contracts

(REPEALED)

SECTION HISTORY

PL 1991, c. 239, §1 (NEW). PL 1991, c. 750, §2 (RP).

§3-504. Restoration of down payment; no retention of cancellation fee

1. Within 20 days after a home solicitation sale has been cancelled or an offer to purchase revoked, the seller must tender to the buyer any payments made by the buyer and any note or other evidence of indebtedness. A provision permitting the seller to keep all or any part of any payment, note or evidence of indebtedness is in violation of this section and unenforceable.
[PL 1973, c. 762, §1 (NEW).]

2. If the down payment includes goods traded in, the goods must be tendered in substantially as good condition as when received by the seller. If the seller fails to tender the goods as provided by this section, the buyer may elect to recover an amount equal to the trade-in allowance stated in the agreement.
[PL 1973, c. 762, §1 (NEW).]

3. Until the seller has complied with the obligations imposed by this section, the buyer may retain possession of goods delivered to the buyer by the seller and has a lien on the goods in the buyer's possession or control for any recovery to which the buyer is entitled.
[RR 2025, c. 1, Pt. C, §30 (COR).]

4. The seller is not entitled to retain any cancellation fee.
[PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). RR 2025, c. 1, Pt. C, §30 (COR).

§3-505. Duty of buyer; no compensation for services prior to cancellation

1. Except as provided by the provisions on retention of goods by the buyer, subsection 3 of section 3-504, within a reasonable time after a home solicitation sale has been cancelled or an offer to purchase revoked, the buyer upon demand must tender to the seller any goods delivered by the seller pursuant to the sale but the buyer is not obligated to tender at any place other than the buyer's residence. If the seller fails to demand possession of goods within a reasonable time after cancellation or revocation, the goods become the property of the buyer without obligation to pay for them. For the purpose of this section, 40 days is presumed to be a reasonable time.
[RR 2025, c. 1, Pt. C, §31 (COR).]

2. The buyer has a duty to take reasonable care of the goods in the buyer's possession before cancellation or revocation and for a reasonable time thereafter, during which time the goods are otherwise at the seller's risk.
[RR 2025, c. 1, Pt. C, §31 (COR).]

3. If the seller has performed any services pursuant to a home solicitation sale prior to its cancellation, the seller is not entitled to compensation.
[RR 2025, c. 1, Pt. C, §31 (COR).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). RR 2025, c. 1, Pt. C, §31 (COR).

§3-506. Limitation

This Part does not apply to any consumer credit transaction covered by Article 8-A and subject to the right of rescission pursuant to the Federal Truth in Lending Act, 15 United States Code, Section 1601 et seq., nor does it apply to any sale, by any dealer or agent or salesperson of a registered dealer, registered pursuant to Title 32, chapter 135, of stocks, bonds, debentures or securities representing stocks, bonds or debentures registered pursuant to Title 32, chapter 135 or expressly exempt from registration thereof. [PL 2011, c. 427, Pt. D, §11 (AMD).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1977, c. 564, §45 (AMD). PL 1981, c. 698, §19 (AMD). PL 1987, c. 129, §62 (AMD). PL 2005, c. 65, §C4 (AMD). PL 2011, c. 427, Pt. D, §11 (AMD).

§3-507. Violation as unfair trade practice

Any violation of this Part shall constitute a violation of Title 5, chapter 10, Unfair Trade Practices Act. [PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW).

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