

**§2-401. Finance charge for consumer loans****1.**

[PL 1987, c. 129, §38 (RP).]

2. With respect to a consumer loan, other than a loan pursuant to open-end credit, a lender may contract for and receive a finance charge calculated according to the actuarial method, not exceeding the equivalent of the following:

A. The total of:

(i) 30% per year on that part of the unpaid balances of the amount financed that is \$2,000 or less;

(ii) 24% per year on that part of the unpaid balances of the amount financed that is more than \$2,000 but does not exceed \$4,000; and

(iii) 18% per year on that part of the unpaid balances of the amount financed that is more than \$4,000. [PL 1997, c. 727, Pt. B, §10 (AMD).]

B. [PL 1997, c. 727, Pt. B, §10 (RP).]

Notwithstanding paragraph A, with respect to a consumer loan in which the amount financed exceeds \$8,000, a lender may not contract for and receive a finance charge calculated according to the actuarial method in excess of 18% per year on the entire amount of the loan.

[PL 1997, c. 727, Pt. B, §10 (AMD).]

3. This section does not limit or restrict the manner of calculating the finance charge, whether by way of add-on, discount or otherwise, so long as the rate of the finance charge does not exceed that permitted by this section. If the loan is precomputed,

A. The finance charge may be calculated on the assumption that all scheduled payments will be made when due; and [PL 1973, c. 762, §1 (NEW).]

B. The effect of prepayment is governed by the provisions on rebate upon prepayment, section 2-510. [PL 1973, c. 762, §1 (NEW).]

C. [PL 1987, c. 129, §40 (RP).]

C. [PL 1989, c. 457, §§1, 8, 9 (RP); PL 1989, c. 600, Pt. B, §§7, 8 (AFF).]  
[PL 1989, c. 457, §§1, 8, 9 (AMD); PL 1989, c. 600, Pt. B, §§7, 8 (AFF).]

4. The term of a loan for the purposes of this section commences on the date the loan is made. Differences in the lengths of months are disregarded and a day may be counted as 1/30th of a month. Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of 15 days may be treated as a full month if periods of 15 days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted.

[PL 1973, c. 762, §1 (NEW).]

5. If the primary purpose of the loan is the financing of premiums on a policy or contract of insurance issued by an insurer authorized in this State to do business of the kind involved and the debt under the loan agreement is owed to a supervised lender, the term of the loan for purposes of this section commences on the inception date of the policy or contract of insurance.

[PL 1973, c. 762, §1 (NEW).]

**6.**

[PL 1997, c. 727, Pt. B, §11 (RP).]

7. Notwithstanding subsection 2, the lender may contract for and receive a minimum charge of not more than:

- A. Five dollars when the amount financed does not exceed \$75; [PL 1975, c. 298, §2 (NEW).]
- B. Fifteen dollars when the amount financed exceeds \$75, but is less than \$250; or [PL 1999, c. 184, §3 (AMD).]
- C. Twenty-five dollars when the amount financed is \$250 or more. [PL 1975, c. 298, §2 (NEW).]  
[PL 1999, c. 184, §3 (AMD).]

**8.** Notwithstanding any other subsection, the finance charge on a transaction to finance or refinance the acquisition of, or secured by, manufactured housing, not involving a security interest in real estate, may not exceed the greater of the following:

- A. A rate 2% greater than the maximum rate established by federal regulations pursuant to the United States Code, Title 38, Section 1819(f), Veterans Housing Act of 1970, as amended, and published from time to time in the Federal Register, 38 Code of Federal Regulations, Part 36; or [PL 1987, c. 129, §43 (AMD).]
- B. 18% per year. [PL 1983, c. 87, §2 (NEW).]

In the event that no specific maximum rate is established by federal regulation in accordance with this subsection, this subsection shall not apply.  
[PL 1987, c. 129, §43 (AMD).]

**9.** Notwithstanding any other subsection, the finance charge on an insurance premium loan may not exceed 18% per year on the unpaid balances of the amount financed, except for any minimum charge that may be allowed pursuant to subsection 7.  
[PL 1985, c. 763, Pt. A, §33 (NEW).]

#### SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 298, §2 (AMD). PL 1981, c. 618, §4 (AMD). PL 1983, c. 87, §2 (AMD). PL 1985, c. 763, §§A31-33 (AMD). PL 1987, c. 129, §§38-40,43 (AMD). PL 1987, c. 129, §§41,42 (AMD). PL 1989, c. 457, §§1,8,9 (AMD). PL 1989, c. 600, §§B7,8 (AMD). PL 1997, c. 727, §§B10,11 (AMD). PL 1999, c. 184, §3 (AMD).

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