



127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 889

H.P. 608

House of Representatives, March 12, 2015

An Act To Protect Maine's Small Businesses from High Interest Rates on Commercial and Business Loans

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative BECK of Waterville.
Cosponsored by Senator KATZ of Kennebec and
Representatives: COOPER of Yarmouth, MELARAGNO of Auburn, TUCKER of Brunswick.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 9-A MRSA §5-301**, as enacted by PL 1973, c. 762, §1, is repealed and the
3 following enacted in its place:

4 **§5-301. Violations**

5 **1. Consumer loans.** A creditor, an officer or employee of a creditor or any other
6 person who willfully and knowingly violates any of the provisions of this Act or Title 9-B
7 relating to a consumer loan or directly or indirectly counsels, aids or abets such a
8 violation must be punished by a fine of not more than \$2,500 for each offense or by
9 imprisonment for not more than 6 months, or by both.

10 **2. Commercial and business loans.** A creditor, an officer or employee of a creditor
11 or any other person who willfully and knowingly violates any of the provisions of this
12 Act or Title 9-B relating to a commercial or business loan or directly or indirectly
13 counsels, aids or abets such a violation must be punished by a fine of not more than
14 \$5,000 for each offense or by imprisonment for not more than one year, or by both. A
15 commercial or business loan made in violation of any provision of this Act or Title 9-B
16 may be declared void by a court upon the petition of a person to whom the loan was
17 issued.

18 **Sec. 2. 9-B MRSA §432, sub-§3** is enacted to read:

19 **3. Interest; commercial and business loans.** The legal interest rate, whether set
20 forth in writing or not, on a commercial or business loan may not directly or indirectly, or
21 through interest and expenses, exceed in the aggregate an amount greater than 25% per
22 year upon the sum loaned or the equivalent rate for a longer or shorter period. For the
23 purposes of this subsection, the amount to be paid upon any loan for interest or expenses
24 includes all sums paid or to be paid by or on behalf of the borrower for interest,
25 brokerage, recording fees, commissions, services, extension of loan or forbearance to
26 enforce payment and all other sums charged against or paid or to be paid by the borrower
27 for making or securing the loan, directly or indirectly, and includes all these sums when
28 paid by or on behalf of or charged against the borrower for or on account of making or
29 securing the loan, directly or indirectly, to or by any person, other than the lender, if the
30 payment or charge was known to the lender at the time of making the loan or might have
31 been ascertained by reasonable inquiry. A loan made in violation of this subsection is
32 subject to the penalties and remedies set forth in Title 9-A, section 5-301, subsection 2.

33 **SUMMARY**

34 This bill caps the interest rate for commercial or business loans at 25% per year. The
35 bill provides that violations are subject to criminal penalties of up to \$5,000 or
36 imprisonment for not more than one year or both. The bill also allows a court to void a
37 loan issued in violation of the interest rate caps upon the petition of the person to whom
38 the loan was issued.