

**§2-402. Finance charge for loans on open-end credit**

1. With respect to loans made on open-end credit, a creditor may contract for and receive a finance charge not in excess of that permitted in this section.

[PL 1987, c. 129, §44 (AMD).]

2. A charge may be earned in each billing cycle which is a percentage of an amount not exceeding the greatest of:

A. The average daily balance in the billing cycle for which the charge is made, which is the sum of the amount unpaid each day during that cycle, divided by the number of days in that cycle. The amount unpaid on a day is determined by adding to the balance, if any, unpaid as of the beginning of that day all advances and other debits and deducting all payments and other credits made or received as of that day, provided that loans made pursuant to a lender credit card to finance the purchase or lease of goods and services shall not be included in the amount unpaid if a finance charge on these amounts is prohibited under subsection 4; or [PL 1987, c. 129, §44 (AMD).]

B. The unpaid balance at the beginning of the first day of the billing cycle after all payments on account, returns and other credits made or given during the first 25 days of the billing cycle, if the billing cycle is monthly, shall have been first deducted; provided that returns and other credits may be deducted only to the extent that the purchase to which the credit or return relates has been reflected in the previous balance. If the billing cycle is not monthly, such deduction shall be made for payments on account, returns and other credits made or given during that part of the billing cycle that bears the same relation to the billing cycle that 25 does to 30. [PL 1973, c. 762, §1 (NEW).]

[PL 1987, c. 129, §44 (AMD).]

3. Except with respect to loans made pursuant to a lender credit card, the charge earned in each billing cycle may not exceed the greater of the product of the average daily balance times the number of days in the billing cycle times .049315% or, if the billing cycle is monthly, 1 1/2% of the amount pursuant to subsection 2. A billing cycle is monthly if the closing date of the cycle is the same date each month or does not vary by more than 4 days from the regular date.

[PL 1993, c. 618, §1 (AMD).]

4. With respect to loans made pursuant to a lender credit card, except for cash advances, and except when there is an outstanding balance from the prior billing cycle at the beginning of a billing cycle, no finance charge may be imposed on purchases or leases of goods or services purchased during the billing cycle if they are paid for not later than 25 days after the closing date of the billing cycle in which the purchase or lease occurred. This subsection does not apply to open-end credit plans secured by a consumer's principal dwelling or by any 2nd or vacation home of the consumer.

[PL 2005, c. 484, §1 (AMD).]

5. Unless otherwise provided for in Article 8-A, with respect to loans made pursuant to a lender credit card, a creditor may not impose a finance charge if it is in excess of that set forth in the agreement between the consumer and the creditor. This subsection does not apply to open-end credit plans secured by a consumer's principal dwelling or by a 2nd or vacation home of the consumer.

[PL 2011, c. 427, Pt. A, §6 (AMD).]

**SECTION HISTORY**

PL 1973, c. 762, §1 (NEW). PL 1975, c. 132 (AMD). PL 1975, c. 291 (AMD). PL 1977, c. 421, §§3,4 (AMD). PL 1987, c. 129, §44 (AMD). PL 1993, c. 618, §§1,2 (AMD). PL 1995, c. 137, §4 (AMD). PL 2005, c. 484, §§1,2 (AMD). PL 2011, c. 427, Pt. A, §6 (AMD).

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