

June 19, 1975

RE: Administrative Interpretation #13 - Minimum Charges Permitted for Consumer Loans

Dear

You have taken issue with that part of Administrative Interpretation #13 which sought to preclude the retention of the minimum charge by lenders as permitted by §2.510(2) in the case of prepayments of a consumer loan.

You have noted the distinction between "minimum finance charges" permitted in the inception of the loan and "minimum charges" permitted upon prepayment (§2.510(2)). The same distinction is recognized by the Uniform Commissioners in their comments to §2.501 of the final draft of the Uniform Code. While the Code does not, as yet, permit minimum finance charges in the case of a consumer loan, Public Law 1975, Chapter 298, which becomes effective 90 days after the Legislature adjourns, will permit such charges.

However, we agree that the minimum charge permitted upon prepayment of a consumer loan in §2.510(2) is not dependent upon the existence of a section permitting minimum finance charges in the inception of a loan. This position is reinforced by the parallel between the Maine Code and the final version of the Uniform Act where neither Code provides for minimum finance charges for consumer loans yet both provide for a minimum charge in §2.510 upon prepayment in full, if contracted for.

Thus, contrary to the earlier Administrative Opinion #13, the absence of a minimum finance charge provision in §2.401 should not interfere with the right of a lender to impose a minimum charge under §2.510 upon prepayment in full, but not upon a refinancing, of a consumer loan, if contracted for.

Respectfully,

John E. Quinn  
Superintendent

JEQ/dab