



DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF CONSUMER CREDIT PROTECTION
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ADVISORY RULING #100
APRIL 22, 1993

April 22, 1993

Re: "Secured" Credit Cards

Dear :

In your March 24, 1993 letter, you pose the question: "Are secured credit cards allowed in Maine?"

Your client, a savings & loan association, wishes to offer a program under which consumers can deposit money in an interest-bearing savings account, which in turn serves as collateral for a VISA credit card account.

You question whether 9-A M.R.S.A. §3-301, "Security in sales or leases," affects your proposal. This section prohibits the taking of a security interest in property which is not directly involved in a consumer credit sale or consumer lease.

Your program is not incompatible with Section 3-301 because this office considers lender credit card transactions to be consumer loans. This interpretation is based upon the Consumer Credit Code's definition of the term "loan," which includes "the creation of debt ... pursuant to a lender credit card" (9-A M.R.S.A. §1-301(23)(A)(ii)).

Because fully-secured lender credit cards are often approved for individuals who would not otherwise qualify for a traditional, unsecured credit card, the staff of the Bureau recognizes that Maine consumers may benefit from the availability of these plans.

Sincerely,

William N. Lund
Superintendent

WNL/bas