

JOHN E. QUINN
SUPERINTENDENT



DEPARTMENT OF BUSINESS REGULATION
BUREAU OF CONSUMER PROTECTION
STATE OFFICE ANNEX
AUGUSTA, MAINE 04330
(207)289-3731

ADVISORY RULING #35

(Formerly Administrative
Interpretation #36)

August 18, 1976

Re: Section 3.308 - Balloon Payments

Dear

You have inquired whether a single payment note in which the interest is payable at specified intervals and the final payment consists of the entire principal and accrued interest is subject to the prohibition against "balloon payments" under section 3.308 of the Credit Code.

As you are aware, public information letter #63 sets forth the Federal Reserve Board's interpretation that the requirements of truth-in-lending relating to "balloon payments" are not applicable to single principal payment notes where the interest is payable at intervals in advance of the final payment of principal.

It is our opinion that the same reasoning would apply to the restrictions in section 3.308 of the Code and that therefore this section would not apply to this type of single payment note.

Respectfully,

John E. Quinn
Superintendent

JEQ/cmd