To: All Loan Brokers

From: David M. Leach, Principal Consumer Credit Examiner

 Bureau of Consumer Credit Protection

**Re: Loans made by Loan Brokers**

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 Please be advised that unless a person is a supervised financial organization or has first obtained a license authorizing them to make supervised loans, they cannot legally make loans or service those loans.

 A company is considered to have “made” a loan, if its name appears as lender on the loan documents, even when the documents are immediately assigned to another lender. Therefore, a broker in Maine who engages in “table funding” loans must be licensed as a lender.

 In order to make loans, a loan broker **must** have a Supervised Lender’s license. If licensed loan brokers violate the provisions of the Maine Consumer Credit Code and make supervised loans, the penalty is severe in that, on those loans, the debtor is not obligated to pay the loan finance charge for the entire first year of the loan and is entitled to a refund of all prepaid finance charges and closing costs. This money must be refunded either by the person violating the Consumer Credit Code or “from an assignee of that person’s rights who undertakes direct collection of payments or enforcement of rights arising from the debt.” This means a company that purchases or takes assignments of these loans may be liable to forgive all interest for a year and refund all prepaid finance charges and closing costs.

 Therefore, it is most important, that prior to making loans or doing any “table funding,” you must be licensed as a Supervised Lender. Licensed as a loan broker is not enough.