

J.B. 8/11

Notice of Agency Rule-making Proposal

AGENCY:

02 - Department of Professional and Financial Regulation
029 - Bureau of Financial Institutions
030 - Bureau of Consumer Credit Protection

CHAPTER NUMBER AND TITLE:

Chapter 119 (Regulation 19): Alternative Mortgage Transactions
Chapter 250 (Rule 250): Alternative Mortgage Transactions

PROPOSED RULE NUMBER (*leave blank; to be assigned by Secretary of State*):

BRIEF SUMMARY:

The purpose of this rulemaking is to substantially align the Bureau of Financial Institutions and the Bureau of Consumer Credit Protection's Alternative Mortgage Transactions Joint Rule 19/250 with the federal Consumer Financial Protection Bureau's Alternative Mortgage Transaction Parity regulation known as Regulation D. The proposed rule will continue to authorize creditors and financial institutions to make first-lien mortgage loans with adjustable rates and finance charges. The proposed rule limits how adjustments to interest rates and finances charges may be made, prevents an increase or decrease in the interest rate of a balloon mortgage at renewal unless the lender makes a written commitment to renew the loan, and prohibits prepayment penalties on alternative mortgage loans.

Date, time and location of PUBLIC HEARING (*if any*):

None scheduled.

COMMENT DEADLINE:

July 8, 2016

CONTACT PERSON FOR THIS FILING (*include name, mailing address, telephone, fax, TTY, e-mail*):

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CONTACT PERSON FOR SMALL BUSINESS IMPACT STATEMENT (*if different*):

No expected impact on small business.

FINANCIAL IMPACT ON MUNICIPALITIES OR COUNTIES (*if any*):

No expected financial impact on municipalities or counties.

STATUTORY AUTHORITY FOR THIS RULE:

A. 9-A M.R.S. § 1-102(2);

- B. 9-A M.R.S. § 1-110;
- C. 9-A M.R.S. § 6-104(1) (E);
- D. 9-A M.R.S. § 8-504;
- E. 9-A M.R.S. § 8-507(1);
- F. 9-A M.R.S. § 8-508;
- G. 9-A M.R.S. § 9-302;
- H. 9-B M.R.S. § 111;
- I. 9-B M.R.S. § 215; and
- J. 9-B M.R.S. § 241(3).

SUBSTANTIVE STATE OR FEDERAL LAW BEING IMPLEMENTED (if different):

N/A

AGENCY WEBSITE:

<http://www.maine.gov/pfr/financialinstitutions/index.shtml>

<http://www.maine.gov/pfr/consumercredit/index.shtml>

E-MAIL FOR OVERALL AGENCY RULE-MAKING LIAISON:

David.G.Laurendeau@maine.gov

* Check one of the following two boxes.

The summary provided above is for publication in both the newspaper and website notices.

The summary provided above is for the newspaper notice only. Title 5 §8053, sub-§5 & sub-§7, ¶D. A more detailed summary is attached for inclusion in the rule-making notice posted on the Secretary of State's website. Title 5 §8053, sub-§3, ¶D & sub-§6.

Please approve bottom portion of this form and assign appropriate AdvantageME number.

APPROVED FOR PAYMENT

Rachel Gustafson
(authorized signature)

DATE:

5/27/14

FUND	AGENCY	ORG	APP	JOB	OBJT	AMOUNT
014	02A	1020	012		4946	50%
014	02A	1030	012		4946	50%

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Additional Information for the Web *(if any)*

DETAILED SUMMARY:

The purpose of this rulemaking is to substantially align the Bureau of Financial Institutions and the Bureau of Consumer Credit Protection's ("the Bureaus") Alternative Mortgage Transactions Joint Rule 19/250 with the federal Consumer Financial Protection Bureau's Alternative Mortgage Transaction Parity regulation known as Regulation D ("Reg. D"). The proposed rule will continue to authorize creditors and financial institutions to make first-lien mortgage loans with adjustable rates and finance charges. The rule will require lenders to use either an index to which changes in the interest rate are tied that is readily available to the borrower and beyond the control of the lender, or a formula or schedule identifying the amount the interest rate or finance charge may increase and the time at which a change may be made. The proposed rule prevents an increase or decrease in the interest rate of a balloon mortgage at renewal unless the lender makes a written commitment to renew the loan. The proposed rule also prohibits prepayment penalties on alternative mortgage loans.

The federal Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 authorized the creation of the federal Consumer Financial Protection Bureau ("CFPB"). Since its inception, the CFPB has issued alternative mortgage transaction regulations (Reg. D, 12 C.F.R. 1004.1 -1004.4) and has made changes to Truth-in-Lending Act ("TILA") regulations. New federal consumer protections found in TILA and TILA regulations have been incorporated into Maine law in Article 8-A of the Consumer Credit Code and include ability-to-repay requirements, qualified mortgage incentives, high cost mortgage protections, and the new TILA-RESPA integrated disclosure requirements for mortgage loans. TILA regulations and Reg. D combine to provide protection for consumers choosing alternative mortgage loan products. Given these new regulations, the Bureaus expect that by substantially aligning with Reg. D, it will ease compliance burdens while continuing to offer protection for Maine consumers.

The proposed rule may be found on the Bureau of Financial Institution's website:

<http://www.maine.gov/pfr/financialinstitutions/proposedrules.htm>

The proposed rule may be found on the Bureau of Consumer Credit Protection's website:

www.Credit.Maine.gov

Persons submitting comments on the proposed rule or seeking paper copies of the proposed rule may direct their comments or requests to the following contact person:

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