

§2-505. Finance charge on consolidation

1. If a consumer owes an unpaid balance to a creditor with respect to a consumer credit transaction and becomes obligated on another consumer credit transaction with the same creditor, the parties may agree to a consolidation resulting in a single schedule of payments. If the previous consumer credit transaction was not precomputed, the parties may agree to add the unpaid amount of the amount financed and accrued charges on the date of consolidation to the amount financed with respect to the subsequent consumer credit transaction. If the previous consumer credit transaction was precomputed, the parties may agree to refinance the unpaid balance pursuant to the provisions on refinancing, section 2-504, and to consolidate the amount financed resulting from the refinancing by adding it to the amount financed with respect to the subsequent consumer credit transaction. In either case the creditor may contract for and receive a finance charge as provided in subsection 2 based on the aggregate amount financed resulting from the consolidation.

[PL 1973, c. 762, §1 (NEW).]

2. If the debts consolidated arise exclusively from consumer credit sales, the transaction is a consolidation with respect to a consumer credit sale and the amount of the finance charge is governed by the provisions on finance charge for consumer credit sales other than open-end credit, section 2-201. If the debts consolidated include a debt arising from a consumer loan, the transaction is a consolidation with respect to a consumer loan and the amount of the finance charge is governed by the provisions on finance charge for consumer loans, section 2-401.

[PL 1987, c. 129, §51 (AMD).]

3. If a consumer owes an unpaid balance to a creditor with respect to a consumer credit transaction arising out of a consumer credit sale, and becomes obligated on another consumer credit transaction arising out of another consumer credit sale by the same seller, the parties may agree to a consolidation resulting in a single schedule of payments either pursuant to subsection 1 or by adding together the unpaid balances with respect to the two sales, except where adding the unpaid balances together results in a decrease of the maturity of an earlier transaction.

[PL 1975, c. 181 (AMD).]

4. Any consolidation under this section involving a supervised loan is subject to section 2-308.

[PL 1973, c. 762, §1 (NEW).]

5. This section does not apply to consumer leases or to successive transactions pursuant to an open-end credit arrangement.

[PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1975, c. 181 (AMD). PL 1987, c. 129, §51 (AMD).

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