

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Regulate Presettlement Lawsuit Funding

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 9-A MRSA §1-301, sub-§40, as amended by PL 1987, c. 396, §8, is further amended to read:

40. "Supervised loan" means a consumer loan, including a loan made pursuant to open end credit, in which the rate of the finance charge, calculated according to the actuarial method, exceeds 12 1/4% per year, or ~~which~~that is secured by an interest in real estate. "Supervised loan" includes a loan or advance made to a civil litigant who is a Maine resident without regard to whether the loan or advance is secured by an interest in property or must be repaid based on the outcome of the litigation.

SUMMARY

This bill clarifies that presettlement lawsuit funding constitutes supervised lending subject to the Maine Consumer Credit Code. As a result, lenders who engage in this type of lending would be required to be licensed to operate in the State and make the loans subject to the same interest rate limits and disclosure requirements as other consumer loans.