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An Act To Limit the Interest Charged under Rental-purchase Agreements

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

Sec. 1. 9-A MRSA §11-114, as enacted by PL 1991, c. 787, is repealed.

Sec. 2. 9-A MRSA §11-123 is enacted to read:

§ 11-123. Maximum interest

The total amount of interest charged over the lifetime of a rental-purchase agreement may not exceed 25% of the cash price of the property disclosed to the consumer pursuant to section 11-108, subsection 1, paragraph E. When the total of all rental payments made by a consumer under a rental-purchase agreement equals 125% of the cash price of the property disclosed to the consumer pursuant to section 11-108, subsection 1, paragraph E, the consumer acquires ownership of the property and the rental-purchase agreement terminates. At any time after tendering an initial lease payment, a consumer may acquire ownership of the property that is the subject of the rental-purchase agreement by tendering an amount equal to 125% of the cash price of the property disclosed to the consumer pursuant to section 11-108, subsection 1, paragraph E, minus any rental payments made by the consumer.

SUMMARY

This bill limits the amount of interest that can be charged on a rental-purchase agreement to 25% of the cash price of the property over the lifetime of the agreement and provides that the agreement terminates and the consumer owns the property once payments made by the consumer equal 125% of the cash price of the property.