

§3-308. Schedule of payments; balloon payments

With respect to a consumer credit transaction having a schedule of payments requiring more than one payment of principal other than one pursuant to open-end credit: [PL 1985, c. 113, §2 (RPR).]

1. Except as provided in this section, no creditor may contract for or receive payments of principal and interest pursuant to a schedule of payments under which any one payment is not substantially equal to all other payments, excluding any down payment receivable by the creditor or under which the intervals between any consecutive payments differ substantially; [PL 1985, c. 113, §2 (RPR).]

2. When a consumer's livelihood is dependent upon seasonal or intermittent income, the parties may agree in a separate writing that one or more payments or the intervals between one or more payments may be reduced or expanded in accordance with the needs of the consumer if the payments or intervals are expressly related to the consumer's expected income; [PL 1985, c. 113, §2 (RPR).]

3. A schedule of payments may provide for the deferral of the first periodic payment subsequent to any down payment for a period of not more than 12 months, except that interest or costs may not accrue in connection with the deferral of the first periodic payment if the deferral is for a period of time in excess of 120 days; [PL 2011, c. 87, §1 (AMD).]

4. A schedule of payments may require a final payment not substantially equal to all other periodic payments if the transaction is made for a term of not less than 4 years and if the contract evidencing the consumer credit transaction gives the consumer the right to refinance the amount of the final payment in order to fully amortize the obligation on terms then generally offered by the creditor, if the consumer satisfies reasonable credit standards and if the property satisfies reasonable loan-to-value standards. The administrator shall examine the reasonableness of standards during regular examinations and upon consumer complaint. At least 60 days but not more than 180 days prior to the maturity of the loan, the creditor must notify the consumer in writing of the maturity date and the amount due on the maturity date. The 4-year limitation does not apply to a consumer credit transaction secured by a motor vehicle if the contract evidencing the transaction otherwise conforms to the requirements of this section and also permits the consumer to transfer the motor vehicle to the creditor in lieu of making the final payment without further liability, except that the contract may provide for the assessment against the consumer of one or more of the following:

A. A reasonable disposition fee; [PL 2003, c. 543, §1 (NEW).]

B. Reasonable charges for excess mileage; [PL 2003, c. 543, §1 (NEW).]

C. Reasonable charges for excess wear and tear; and [PL 2003, c. 543, §1 (NEW).]

D. Reasonable charges for damage to the motor vehicle; and [PL 2003, c. 543, §1 (NEW).]

[PL 2003, c. 543, §1 (AMD).]

5. With respect to any transaction in violation of this section, the consumer shall have the right, at any time, without further cost or obligation, to revise the schedule of payments to conform both the payments and intervals to the average of all payments and intervals.

[PL 1985, c. 113, §2 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1981, c. 243, §§19,26 (AMD). PL 1981, c. 551, §3 (AMD). PL 1985, c. 113, §2 (RPR). PL 1997, c. 94, §2 (AMD). PL 2001, c. 82, §1 (AMD). PL 2001, c. 482, §1 (AMD). PL 2003, c. 543, §1 (AMD). PL 2011, c. 87, §1 (AMD).

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