

DEBTOR AND CREDITOR RELATIONSHIP

CHAPTER 134

S. B. No. 100
(Ringsak, Mutch, Kee)

SMALL LOANS

AN ACT

To amend and reenact section 13-03-16 of the North Dakota Century Code, relating to loans made by small loans companies in excess of one thousand dollars and providing for the interest rate thereon.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.)** Section 13-03-16 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

13-03-16. Indebtedness of More Than One Thousand Dollars.) A licensee may make loans in amount greater than one thousand dollars but in such event the entire loan shall bear interest only as permitted by the general interest laws of this state. If the borrower or the borrower and his spouse, indirectly or directly, have two or more loans outstanding to the same licensee at the same time with total principal balances aggregating in excess of one thousand dollars then neither loan shall bear the charges authorized by this chapter.

If the proceeds of any loan made under this chapter are used to discharge a pre-existing debt of the borrower for goods or services owed directly to the person who provided such goods or services and the licensee accepts from such person a guaranty of payment of the principal of such loan with interest at a rate not in excess of that permitted by the usury law of this state, the acceptance of one or more such guaranties in any aggregate amount shall not affect the right of such licensee to make the charges against the primary borrower authorized by this chapter. In the event that a licensee shall make a bona fide purchase of the business and all or substantially all of the loans receivable from another licensee, or other lender not affiliated with the purchaser and such licensee or other lender shall have an existing loan outstanding to one or more of the borrowers whose contracts are purchased, such licensee making such purchase shall be entitled to liquidate and collect the balances due on such contracts, including all lawful charges and interest at the rate or amounts agreed upon in such loan contracts.

Approved March 15, 1961.