

**Fifty-fifth Legislative Assembly, State of North Dakota, begun in the  
Capitol in the City of Bismarck, on Monday, the sixth day of January,  
one thousand nine hundred and ninety-seven**

HOUSE BILL NO. 1274  
(Representative Keiser)  
(Senator Krebsbach)

AN ACT to create and enact two new sections to chapter 51-14 of the North Dakota Century Code, relating to additional charges on revolving charge accounts and revolving charge agreement credit extensions; and to amend and reenact sections 51-14-01, 51-14-02, and 51-14-03 of the North Dakota Century Code, relating to revolving charge agreements.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 51-14-01 of the North Dakota Century Code is amended and reenacted as follows:

**51-14-01. Definitions.** In this chapter, unless the context or subject matter otherwise requires:

1. "Credit service charge" means the amount, however expressed, which the retail buyer contracts to pay or pays the retail seller in excess of the ~~cash sale price of personal property~~ amount of credit extended, representing the total charges by the retail seller incident to ~~investigating and making a retail installment sale~~ extending credit under a revolving charge agreement and for extending to the retail buyer the privilege of paying ~~in installments~~ over a period of time therefor.
2. "Retail buyer" or "buyer" means a person who buys personal property from a retail seller, or to whom a retail seller otherwise extends credit, pursuant to a revolving charge agreement.
3. "Retail seller" or "seller" means a person who agrees to sell or sells goods or services pursuant to a revolving charge agreement, ~~including without limitation, and a state-chartered or national bank in issuing bank credit cards for that~~ extends credit by the advancement of moneys ~~thereunder or the sale of goods or services thereunder~~ payment for goods or services under a revolving charge agreement.
4. "Revolving charge agreement" means a written instrument, defining the terms of ~~retail installment sales made~~ credit extended from time to time pursuant thereto, pursuant to which the buyer's total unpaid balance thereunder, whenever incurred, is payable ~~in installments~~ over a period of time and under the terms of which a credit service charge, other than the portion thereof consisting of late payment or other charges, is to be computed in relation to the buyer's unpaid balance from time to time.

**SECTION 2. AMENDMENT.** Section 51-14-02 of the 1995 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**51-14-02. Contents of revolving charge agreements - Requirements for delivery of monthly statements - Exception.** Every revolving charge agreement must be in writing and must be ~~signed~~ accepted by the retail buyer. As used in this section, "accepted" means the buyer has signed the revolving charge agreement, the buyer has used the account issued under a revolving charge agreement, or within thirty days from the date of issuance the buyer has not canceled by written notice a credit card or other access device issued under a revolving charge agreement. A copy of ~~any such~~ the revolving charge agreement must be delivered or mailed to the retail buyer by the retail seller ~~prior to before the date on which the first payment is due thereunder under the agreement. Such agreements~~ A revolving charge agreement must state the amount and rate of the credit service charge to be charged and paid ~~pursuant thereto~~ under the agreement. Such The credit service charge, exclusive of late payment or other fees included therein, must be set forth in ~~such the~~ the revolving charge

agreement in terms of a monthly ~~or annual~~ percentage rate to be applied to the balance outstanding from time to time ~~thereunder~~ under the agreement, as of the beginning or end of each billing period ~~or on a daily basis~~. Upon written notice, a seller may change the terms of any revolving charge agreement, including the credit service charge, if this right of amendment has been reserved. A change under this authority is effective as to existing balances, if within twenty-five days of the effective date of the change, the buyer does not furnish written notice to the seller that the buyer does not agree to abide by the changes. Upon receipt of this written notice by the seller, the buyer has the remainder of the time under the existing terms in which to pay all sums owed to the seller. Any request for additional credit under a revolving charge agreement, including use of a credit card issued under the agreement, after the effective date of the change of terms, including a change in the credit service charge, is deemed to be an acceptance of the new terms, even though the twenty-five days has not expired. The retail seller under a revolving charge agreement shall promptly supply the retail buyer under ~~such~~ the agreement with a statement as of the end of each monthly period or other regular period agreed upon by the retail seller and the retail buyer, in which there is any unpaid balance thereunder. Such statement must recite the following:

1. The unpaid balance under the revolving charge agreement at the beginning or end of the period.
2. An identification of the goods or services purchased, the cash purchase price and the date of each purchase, unless otherwise furnished by the retail seller to the retail buyer by sales slip, memorandum, or otherwise.
3. The payments made by the retail buyer to the retail seller and any other credits to the retail buyer during the period.
4. The amount of the credit service charge, if any, and also the percentage annual simple interest equivalent of ~~such~~ this amount.
5. A legend to the effect that the retail buyer may at any time pay ~~his~~ the total indebtedness.

The items need not be stated in the sequence or order set forth above. Additional items may be included to explain the computations made in determining the amount to be paid by the retail buyer. If a revolving charge or credit account is also subject to the Truth in Lending Act [15 U.S.C. 1601-1667e], the seller may, instead of complying with this section, comply with all requirements of the Truth in Lending Act.

**SECTION 3. AMENDMENT.** Section 51-14-03 of the 1995 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**51-14-03. Limitation of credit service charge.** ~~A seller may, in~~ In a revolving charge agreement, a seller may contract for and, if so contracted for, the seller or holder ~~thereof~~ of the agreement may charge, receive, and collect the service charge authorized by this section. The service charge may not exceed the amount agreed to by the parties ~~computed on the outstanding indebtedness from month to month~~. In the event any payment by a buyer is insufficient to pay both the credit service charge and that portion of the outstanding indebtedness then due, ~~such~~ the payments must first be applied to the credit service charge then due.

**SECTION 4.** A new section to chapter 51-14 of the North Dakota Century Code is created and enacted as follows:

**Additional charges on revolving charge accounts.** The seller or holder of a revolving charge account may collect a late payment or other charge not to exceed the amount agreed to by the parties in the revolving charge account agreement.

**SECTION 5.** A new section to chapter 51-14 of the North Dakota Century Code is created and enacted as follows:

**Application of other provisions.** Credit extended by a seller or holder of a revolving charge agreement to a buyer is not subject to chapter 13-03, 13-03.1, or 47-14.

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Speaker of the House

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President of the Senate

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Chief Clerk of the House

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Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-fifth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1274.

House Vote:      Yeas    72      Nays    23      Absent    2

Senate Vote:    Yeas    36      Nays    10      Absent    3

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Chief Clerk of the House

Received by the Governor at \_\_\_\_\_ M. on \_\_\_\_\_, 1997.

Approved at \_\_\_\_\_ M. on \_\_\_\_\_, 1997.

\_\_\_\_\_  
Governor

Filed in this office this \_\_\_\_\_ day of \_\_\_\_\_, 1997,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

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Secretary of State