

HOUSE BILL NO. 1302

Introduced by

Representatives Carlisle, Keiser, Kliniske

Senators G. Nelson, Stenehjem, Wardner

1 A BILL for an Act to amend and reenact section 47-14-09 of the North Dakota Century Code,
2 relating to the application of state usury laws to licensed pawnbrokers.

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

4 **SECTION 1. AMENDMENT.** Section 47-14-09 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **47-14-09. Usury - Definition - Maximum contract rate - Prohibition - Exclusions.**

7 1. Except as otherwise provided by the laws of this state, ~~no~~ a person, ~~partnership,~~
8 ~~limited partnership, trust, association, corporation, limited liability company, or~~
9 ~~other form of business entity,~~ either directly or indirectly, ~~shall~~ may not take or
10 receive, or agree to take or receive, in money, goods, or things in action, or in any
11 other way, any greater sum or greater value for the loan or forbearance of money,
12 goods, or things in action than five and one-half percent per annum higher than the
13 current cost of money as reflected by the average rate of interest payable on
14 United States treasury bills maturing in six months in effect for North Dakota for the
15 six months immediately ~~prior to~~ preceding the month in which the transaction
16 occurs, as computed and declared on the last day of each month by the state
17 banking commissioner, but that in any event the maximum allowable interest rate
18 ceiling ~~shall~~ may not be less than seven percent, and in the computation of interest
19 the same ~~shall~~ may not be compounded; provided, however, that a minimum
20 interest charge of fifteen dollars may be made. ~~No~~ A contract ~~shall~~ may not
21 provide for the payment of interest on interest overdue, but this section ~~shall~~ does
22 not apply to a contract to pay interest at a lawful rate on interest that is overdue at
23 the time such contract is made. Any violation of this section ~~shall be~~ is deemed
24 usury.

- 1 2. This section ~~shall~~ does not apply to a ~~loan~~:
- 2 a. Bona fide pawnbroking transaction in an amount not exceeding one thousand
- 3 dollars which is made by a bona fide pawnbroking business transacted under
- 4 a pawnbroker's license;
- 5 b. Loan made to a foreign or domestic corporation, foreign or domestic limited
- 6 liability company, cooperative corporation or association, or trust, ~~or~~:
- 7 c. Loan made to a partnership, limited partnership, or association ~~which~~ that
- 8 files a state or federal partnership income tax return, ~~nor to any loan;~~
- 9 d. Loan or forbearance of money, goods, or things in action the principal amount
- 10 of which amounts to more than thirty-five thousand dollars, ~~nor to any loan;~~
- 11 and
- 12 e. Loan made by a lending institution which is regulated or funded by an agency
- 13 of a state or of the federal government.
- 14 3. ~~Further, without regard to~~ Notwithstanding the interest rate limit set ~~forth herein~~
- 15 under this section, state-chartered banks and the Bank of North Dakota may
- 16 charge interest at a rate equal to the maximum allowable rate which lawfully may
- 17 be charged for a particular type of loan by national banking associations or state or
- 18 federally chartered savings and loan associations operating out of facilities located
- 19 in this state.
- 20 4. As used in this section, "bona fide pawnbroking transaction" means a transaction
- 21 with a licensed pawnbroker which includes both possession and a pledge of
- 22 tangible personal property.