

# DEBTOR AND CREDITOR RELATIONSHIP

## CHAPTER 125

S. B. No. 215

(George, Trenbeath, Wadeson, Kautzmann, Van Horn, Hernett,) (Reichert, Solberg, Lips)

### BANK INSTALLMENT LOAN CHARGES

#### AN ACT

To provide for maximum rates of charge for installment bank loans.

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

**§ 1. Installment Bank Loan Charges.)** Any bank organized under the laws of this state and under the jurisdiction and supervision of the state banking board, or any national banking association doing business in the state, making any loan of money not exceeding thirty-six hundred dollars repayable in installments, may make a charge for such loan computed at a rate not exceeding six dollars per one hundred dollars per annum upon the total amount of the loan from the date thereof until the stated maturity date of the final installment thereof, which shall not exceed three years and thirty-two days from the date of the loan, notwithstanding that such loan is required to be repaid in installments or that the loan is secured by mortgage, pledge, or other collateral, except that this Act shall not apply to loans secured by realty. Any charge authorized by this Act may be deducted in advance from the proceeds of such loan or may be included in the principal amount of the note or other instrument evidencing said loan and the aggregate amount thereof be payable in installments.

**§ 2. Charge on Default.)** An installment bank loan may provide for the payment by the borrower of a delinquency and collection charge in an amount not in excess of five percent of the delinquent installment or five dollars whichever is less on each installment in default when such default continues for a period of more than ten days provided that only one such delinquency and collection charge may be collected on any such installment regardless of the period during which it remains in default.

**§ 3. Prepayment—Refund.)** The borrower may at any time prepay the entire balance of a bank installment loan made under the provisions of this Act at any time, and upon such prepayment the borrower shall be entitled to a refund, the

amount of which shall represent at least as great a proportion of the original loan charge as the sum of the periodic time balances after the month in which prepayment is made bears to the sum of all the periodic time balances under the schedule of installments in the original contract.

Filed March 11, 1963.

Not approved or disapproved by Governor.