

**FIRST ENGROSSMENT
with Conference Committee Amendments**

Fifty-fifth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1274

Introduced by

Representative Keiser

Senator Krebsbach

1 A BILL for an Act to create and enact two new sections to chapter 51-14 of the North Dakota
2 Century Code, relating to additional charges on revolving charge accounts and revolving
3 charge agreement credit extensions; and to amend and reenact sections 51-14-01, 51-14-02,
4 and 51-14-03 of the North Dakota Century Code, relating to revolving charge agreements.

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

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

8 **51-14-01. Definitions.** In this chapter, unless the context ~~or subject matter~~ otherwise
9 requires:

- 10 1. "Credit service charge" means the amount, however expressed, which the retail
11 buyer contracts to pay or pays the retail seller in excess of the ~~cash sale price of~~
12 ~~personal property~~ amount of credit extended, representing the total charges by the
13 retail seller incident to investigating and ~~making a retail installment sale~~ extending
14 credit under a revolving charge agreement and for extending to the retail buyer the
15 privilege of paying ~~in installments~~ over a period of time therefor.
- 16 2. "Retail buyer" or "buyer" means a person who buys personal property from a retail
17 seller, or to whom a retail seller otherwise extends credit, pursuant to a revolving
18 charge agreement.
- 19 3. "Retail seller" or "seller" means a person who agrees to sell or sells goods or
20 services pursuant to a revolving charge agreement, ~~including without limitation,~~
21 and a state-chartered or national bank in issuing bank credit cards for that extends
22 credit by the advancement of moneys thereunder or the sale of goods or services
23 thereunder payment for goods or services under a revolving charge agreement.

1 4. "Revolving charge agreement" means a written instrument, defining the terms of
2 ~~retail installment sales made~~ credit extended from time to time pursuant thereto,
3 pursuant to which the buyer's total unpaid balance thereunder, whenever incurred,
4 is payable ~~in installments~~ over a period of time and under the terms of which a
5 credit service charge, other than the portion thereof consisting of late payment or
6 other charges, is to be computed in relation to the buyer's unpaid balance from
7 time to time.

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

10 **51-14-02. Contents of revolving charge agreements - Requirements for delivery**
11 **of monthly statements - Exception.** Every revolving charge agreement must be in writing and
12 must be ~~signed~~ accepted by the retail buyer. As used in this section, "accepted" means the
13 buyer has signed the revolving charge agreement, the buyer has used the account issued
14 under a revolving charge agreement, or within thirty days from the date of issuance the buyer
15 has not canceled by written notice a credit card or other access device issued under a revolving
16 charge agreement. A copy of ~~any such~~ the revolving charge agreement must be delivered or
17 mailed to the retail buyer by the retail seller ~~prior to~~ before the date on which the first payment
18 is due ~~thereunder~~ under the agreement. ~~Such agreements~~ A revolving charge agreement must
19 state the amount and rate of the credit service charge to be charged and paid ~~pursuant thereto~~
20 under the agreement. ~~Such~~ The credit service charge, exclusive of late payment or other fees
21 included therein, must be set forth in ~~such~~ the revolving charge agreement in terms of a
22 monthly or annual percentage rate to be applied to the balance outstanding from time to time
23 ~~thereunder~~ under the agreement, as of the beginning or end of each billing period or on a daily
24 basis. Upon written notice, a seller may change the terms of any revolving charge agreement,
25 including the credit service charge, if this right of amendment has been reserved. A change
26 under this authority is effective as to existing balances, if within twenty-five days of the effective
27 date of the change, the buyer does not furnish written notice to the seller that the buyer does
28 not agree to abide by the changes. Upon receipt of this written notice by the seller, the buyer
29 has the remainder of the time under the existing terms in which to pay all sums owed to the
30 seller. Any request for additional credit under a revolving charge agreement, including use of a
31 credit card issued under the agreement, after the effective date of the change of terms,

1 including a change in the credit service charge, is deemed to be an acceptance of the new
2 terms, even though the twenty-five days has not expired. The retail seller under a revolving
3 charge agreement shall promptly supply the retail buyer under ~~such~~ the agreement with a
4 statement as of the end of each monthly period or other regular period agreed upon by the
5 retail seller and the retail buyer, in which there is any unpaid balance thereunder. Such
6 statement must recite the following:

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

18 The items need not be stated in the sequence or order set forth above. Additional items may
19 be included to explain the computations made in determining the amount to be paid by the
20 retail buyer. If a revolving charge or credit account is also subject to the Truth in Lending Act
21 [15 U.S.C. 1601-1667e], the seller may, instead of complying with this section, comply with all
22 requirements of the Truth in Lending Act.

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

25 **51-14-03. Limitation of credit service charge.** ~~A seller may, in~~ In a revolving charge
26 agreement, a seller may contract for and, if so contracted for, the seller or holder ~~thereof~~ of the
27 agreement may charge, receive, and collect the service charge authorized by this section. The
28 service charge may not exceed the amount agreed to by the parties ~~computed on the~~
29 ~~outstanding indebtedness from month to month.~~ In the event any payment by a buyer is
30 insufficient to pay both the credit service charge and that portion of the outstanding

1 indebtedness then due, ~~such~~ the payments must first be applied to the credit service charge
2 then due.

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

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

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

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