

Introduced by

Representatives Kreun, Anderson, Owens

Senators Klein, Laffen

1 A BILL for an Act to amend and reenact section 47-14-09 of the North Dakota Century Code,
2 relating to usury and 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, a person, either directly or
8 indirectly, may not take or receive, or agree to take or receive, in money, goods, or
9 things in action, or in any other way, any greater sum or greater value for the loan or
10 forbearance of money, goods, or things in action than five and one-half percent per
11 annum higher than the current cost of money as reflected by the average rate of
12 interest payable on United States treasury bills maturing in six months in effect for
13 North Dakota for the six months immediately preceding the month in which the
14 transaction occurs, as computed and declared on the last day of each month by the
15 state banking commissioner, but that in any event the maximum allowable interest rate
16 ceiling may not be less than seven percent, and in the computation of interest the
17 same may not be compounded; provided, however, that a minimum interest charge of
18 fifteen dollars may be made. A contract may not provide for the payment of interest on
19 interest overdue, but this section does not apply to a contract to pay interest at a lawful
20 rate on interest that is overdue at the time such contract is made. Any violation of this
21 section is deemed usury.

22 2. This section does not apply to a:

- 1 a. Bona fide pawnbroking transaction in an amount not exceeding ~~one~~ten thousand
2 dollars which is made by a bona fide pawnbroking business transacted under a
3 pawnbroker's license;
- 4 b. Loan made to a foreign or domestic corporation, foreign or domestic limited
5 liability company, cooperative corporation or association, or trust;
- 6 c. Loan made to a partnership, limited partnership, or association that files a state
7 or federal partnership income tax return;
- 8 d. Loan or forbearance of money, goods, or things in action the principal amount of
9 which amounts to more than thirty-five thousand dollars; and
- 10 e. Loan made by a lending institution which is regulated or funded by an agency of
11 a state or of the federal government.
- 12 3. Notwithstanding the interest rate limit set under this section, state-chartered banks and
13 the Bank of North Dakota may charge interest at a rate equal to the maximum
14 allowable rate which lawfully may be charged for a particular type of loan by national
15 banking associations or state or federally chartered savings and loan associations
16 operating out of facilities located in this state.
- 17 4. As used in this section, "bona fide pawnbroking transaction" means a transaction with
18 a licensed pawnbroker which includes both possession and a pledge of tangible
19 personal property.