

1 House BILL NO. 502
2 INTRODUCED BY LOCKREM, Meren

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING FINANCE CHARGE
5 LIMITATIONS IN THE RETAIL INSTALLMENT SALES ACT; AMENDING
6 SECTION 74-608, R.C.M. 1947."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Section 74-608, R.C.M. 1947, is amended to
10 read as follows:

11 "74-608. Finance charge limitation. (a)
12 Notwithstanding the provisions of any other law, the finance
13 charge included in a retail installment contract shall not
14 exceed the following schedule:

15 (1) As to motor vehicles:
16 Class 1. Any new motor vehicle designated by the
17 manufacturer by a year model not earlier than the year in
18 which the sale is made--seven dollars (\$7) per one hundred
19 dollars (\$100) per year.

20 Class 2. Any new motor vehicle not in class 1 and any
21 used motor vehicle designated by the manufacturer by a year
22 model of the same or not more than two (2) years prior to
23 the year in which the sale is made--nine dollars (\$9) per
24 one hundred dollars (\$100) per year.

25 Class 3. Any used motor vehicle not in class 2 and

1 designated by the manufacturer by a year model more than two
2 (2) years prior to the year in which the sale is
3 made--eleven dollars (\$11) per one hundred dollars (\$100)
4 per year.

5 (2) As to services and goods other than motor
6 vehicles: (i) On so much of the principal balance as does
7 not exceed three hundred dollars (\$300), eleven dollars
8 (\$11), per one hundred dollars (\$100) per year; (ii) if the
9 principal balance exceeds three hundred dollars (\$300), ~~but~~
10 ~~is--less--than--one--thousand--dollars--(\$1,000),~~ nine dollars
11 (\$9) per one hundred dollars (\$100) per year on that portion
12 over three hundred dollars (\$300); ~~(iii) --if--the--principal~~
13 ~~balance--exceeds--one--thousand--dollars--(\$1,000),~~ seven dollars
14 ~~(\$7) per one hundred dollars (\$100) per year on that portion~~
15 ~~over one thousand dollars (\$1,000).~~

16 (b) Such finance charge shall be computed on the
17 principal balance as determined under section 74-607 (f) on
18 contracts payable in successive monthly payments
19 substantially equal in amount from the date of the contract
20 until the maturity of the final installment, notwithstanding
21 that the total time balance thereof is required to be paid
22 in installments. A minimum finance charge of twenty dollars
23 (\$20) may be charged on any retail installment contract.

24 (c) When a retail installment contract provides for
25 payment, other than in equal successive monthly

1 installments, the finance charge may be a rate which will
2 provide the same yield as is permitted on monthly payment
3 contracts under subsections (a) and (b) hereof, having due
4 regard for the schedule of payments in the contract.

5 (d) Notwithstanding the provisions of any other law, a
6 retail charge account agreement may provide for, and the
7 seller or holder may charge, collect and receive a finance
8 charge, as specified herein, for the privilege of paying in
9 installments thereunder. The finance charge may be computed
10 from month to month (which need not be a calendar month) or
11 other regular billing cycle period by applying a rate not to
12 exceed one and one-half per cent (1 1/2%) for each such
13 monthly period to an amount (not including any unpaid
14 finance charge) not in excess of the greatest of:

15 (i) the average daily balance in the account in the
16 billing cycle period; or

17 (ii) the median amount within a ten dollar (\$10) range
18 within which such average daily balance or beginning balance
19 falls, provided the seller applies the same rate of finance
20 charge to all such balances within such range.

21 (e) If the finance charge so determined pursuant to (d)
22 above, for such monthly period is less than fifty cents
23 (50¢), a maximum finance charge not in excess of fifty cents
24 (50¢) may be charged, received and collected for such
25 period."