

HOUSE BILL NO. 239

INTRODUCED BY FABREGA, GOODOVER, WALLIN, MOORE,  
VINGER, NORDTVEDT, MEYER, SALES

IN THE HOUSE

January 15, 1981	Introduced and referred to Committee on Business and Industry.
January 30, 1981	Committee recommend bill do pass as amended. Report adopted.
February 2, 1981	Bill printed and placed on members' desks.
February 3, 1981	Second reading, do pass.
February 4, 1981	Correctly engrossed.
February 6, 1981	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 7, 1981	Introduced and referred to Committee on Business and Industry.
March 9, 1981	Committee recommend bill be concurred in as amended. Report adopted.
March 10, 1981	Second reading, pass consideration.  On motion taken from second reading and referred to Committee on Business and Industry. Motion adopted.
March 16, 1981	Committee recommend bill be concurred in as amended. Report adopted.

March 18, 1981

Second reading, concurred in.

March 20, 1981

Third reading, concurred in as amended. Ayes, 43; Noes, 5.

IN THE HOUSE

March 21, 1981

Returned from Senate with amendments.

March 24, 1981

Second reading, amendments not concurred in. Ayes 83; Noes, 8.

Motion to reconsider the Senate amendments and place on second reading. Motion adopted.

March 25, 1981

Second reading, amendments concurred in.

March 27, 1981

Third reading, amendments concurred in. Ayes, 73; Noes, 10. Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 239

2 INTRODUCED BY *Felipe Gordon* *Wesley Rouse*  
3 *Vincent Lindqvist* *Melger Selva*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ELIMINATE USURY  
5 LIMITS UNDER THE MONTANA RETAIL INSTALLMENT SALES ACT;  
6 AMENDING SECTIONS 31-1-241 AND 31-1-243, MCA."

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

9 Section 1. Section 31-1-241, MCA, is amended to read:

10 "31-1-241. Finance charge limitation. (1)

11 Notwithstanding the provisions of any other law, the finance  
12 charge included in a retail installment contract shall not  
13 exceed the following schedules:

14 (a) as to motor vehicles:

15 (i) class 1--any new motor vehicle designated by the  
16 manufacturer by a year model not earlier than the year in  
17 which the sale is made; \$7 per \$100 per year;

18 (ii) class 2--any new motor vehicle not in class 1 and  
19 any used motor vehicle designated by the manufacturer by a  
20 year model of the same or not more than 2 years prior to the  
21 year in which the sale is made; \$7 per \$100 per year;

22 (iii) class 3--any used motor vehicle not in class 2  
23 and designated by the manufacturer by a year model more than  
24 2 years prior to the year in which the sale is made; \$11 per  
25 \$100 per year;

1 (b) as to any industrial or construction equipment  
2 primarily designed for or used in construction, logging,  
3 mining or other industrial business, the price of which is  
4 over \$5,000; \$9 per \$100 per year; this subsection shall not  
5 apply to agricultural equipment;

6 (c) as to any manufactured structure or recreational  
7 vehicle; \$9 per \$100 per year;

8 (d) as to services and goods other than as provided  
9 under subsections (1)(a)-(1)(b) and (1)(c) above;

10 (1) on so much of the principal balance as does not  
11 exceed \$300; \$11 per \$100 per year;

12 (ii) if the principal balance exceeds \$300 but is less  
13 than \$1,000; \$9 per \$100 per year on that portion over \$300;

14 (iii) if the principal balance exceeds \$1,000; \$7 per  
15 \$100 per year on that portion over \$1,000;

16 (2) Such finance charge shall be computed on the  
17 principal balance as determined under 31-1-21(5) 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 \$26 may be  
23 charged on any retail installment contract;

24 (3) When a retail installment contract provides for  
25 payment other than in equal successive monthly installments;

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

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

14 (a) the average daily balance in the account in the  
15 billing cycle period;

16 (b) the ending balance of the account as of the last  
17 day of the billing cycle less the amount of purchases  
18 charged to the account during that billing cycle; or

19 (c) the median amount within a \$10 range within which  
20 such average daily balance or beginning balance falls  
21 provided the seller applies the same rate of finance charge  
22 to all such balances within such range.

23 (5) If the finance charge so determined pursuant to  
24 (4) above for such monthly period is less than 59 cents, it

1 maximum finance charge not in excess of 59 cents may be  
2 charged, received, and collected for such period be 31-1-2  
3 rate agreed upon by the retail seller and the buyer."

4 Section 2. Section 31-1-243, RCA, is amended to read:  
5 "31-1-243. Refinancing retail installment contract.  
6 The holder of a contract, upon request by the buyer, may  
7 extend the scheduled due date of all or any part of any  
8 installment or installments or defer payment or payments or  
9 renew or restate the unpaid time balance of such contract,  
10 the amount of the installments, and the time schedule  
11 therefor and may collect for such extension, deferment,  
12 renewal, or restatement a refinance charge. The holder may  
13 compute the refinance charge on the unpaid time balance to  
14 be extended, deferred, renewed, or restated by adding to  
15 such unpaid time balance the cost for any insurance and  
16 other benefits incidental to the refinancing plus any  
17 accrued delinquency and collection charges, after deducting  
18 any refund which may be due the buyer as for a prepayment  
19 pursuant to 31-1-242 at the rate of the finance charge  
20 specified in 31-1-241(1) and by reclassifying in the case of  
21 motor vehicles by its then-year model for the term of the  
22 refinancing agreement but otherwise subject to the  
23 provisions of this part governing computation of the  
24 original finance charge. The provisions of this part  
25 relating to minimum finance charges under 31-1-241(2) shall

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1 ~~not apply in calculating refinance charges on the contract~~  
2 ~~extended, deferred, renewed, or restated.~~ If all unpaid  
3 installments are deferred for not more than 2 months, the  
4 holder may at his election charge and collect for such  
5 deferment an amount equal to the difference between the  
6 refund required for prepayment in full under 31-1-242 as of  
7 the scheduled due date of the first deferred installment and  
8 the refund required for prepayment in full as of 1 month  
9 prior to said date, times the number of months in which no  
10 scheduled payment is made."

-End-

Approved by Committee  
on Business and Industry

HOUSE BILL NO. 239

INTRODUCED BY FABREGA, GOODOVER, WALLIN, MOORE,  
VINGER, NORDTVEDT, MEYER, SALES

A BILL FOR AN ACT ENTITLED: "AN ACT TO ELIMINATE USURY  
LIMITS UNDER THE MONTANA RETAIL INSTALLMENT SALES ACT;  
AMENDING SECTIONS 31-1-241 AND 31-1-243, MCA; PROVIDING AN  
IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 31-1-241, MCA, is amended to read:

"31-1-241. Finance charge limitation. (1) (1)

Notwithstanding the provisions of any other law, the finance  
charge included in a retail installment contract shall not  
exceed the following schedules:

(a) as to motor vehicles:

(i) class 1 any new motor vehicle designated by the  
manufacturer by a year model not earlier than the year in  
which the sale is made, \$7 per \$100 per year;

(ii) class 2 any new motor vehicle not in class 1 and  
any used motor vehicle designated by the manufacturer by a  
year model of the same or not more than 2 years prior to the  
year in which the sale is made, \$9 per \$100 per year;

(iii) class 3 any used motor vehicle not in class 2  
and designated by the manufacturer by a year model more than

2 years prior to the year in which the sale is made, \$11 per  
\$100 per year;

(b) as to any industrial or construction equipment  
primarily designed for or used in construction, logging,  
mining or other industrial business, the price of which is  
over \$5,000, \$9 per \$100 per year. This subsection shall not  
apply to agricultural equipment;

(c) as to any manufactured structure or recreational  
vehicle, \$9 per \$100 per year;

(d) as to services and goods other than as provided  
under subsections (1)(a), (1)(b), and (1)(c) above:

(i) on so much of the principal balance as does not  
exceed \$300, \$11 per \$100 per year;

(ii) if the principal balance exceeds \$300 but is less  
than \$1,000, \$9 per \$100 per year on that portion over \$300;

(iii) if the principal balance exceeds \$1,000, \$7 per  
\$100 per year on that portion over \$1,000;

(2) Such finance charge shall be computed on the  
principal balance as determined under 31-1-231(5) on  
contracts payable in successive monthly payments  
substantially equal in amount from the date of the contract  
until the maturity of the final installment, notwithstanding  
that the total time balance thereof is required to be paid  
in installments. A minimum finance charge of \$20 may be  
charged on any retail installment contract.

1 {3}--When a retail installment contract provides for  
 2 payment other than in equal successive monthly installments,  
 3 the finance charge may be a rate which will provide the same  
 4 yield as is permitted on monthly payment contracts under  
 5 subsections (1) and (2) hereof, having due regard for the  
 6 schedule of payments in the contract.

7 {4}--Notwithstanding the provisions of any other law, a  
 8 retail charge account agreement may provide for and the  
 9 seller or holder may charge, collect, and receive a finance  
 10 charge as specified herein for the privilege of paying in  
 11 installments thereunder. The finance charge may be computed  
 12 from month to month (which need not be a calendar month) or  
 13 other regular billing cycle period by applying a rate not to  
 14 exceed 1 1/2% for each such monthly period to an amount (not  
 15 including any unpaid finance charge) not in excess of the  
 16 greatest of:

17 (a) the average daily balance in the account in the  
 18 billing cycle period;

19 (b) the ending balance of the account as of the last  
 20 day of the billing cycle less the amount of purchases  
 21 charged to the account during that billing cycle; or

22 (c) the median amount within a \$10 range within which  
 23 such average daily balance or beginning balance falls,  
 24 provided the seller applies the same rate of finance charge  
 25 to all such balances within such range.

1 {5}--if the finance charge so determined pursuant to  
 2 {4}--above for such monthly period is less than 50 cents, a  
 3 maximum finance charge not in excess of 50 cents may be  
 4 charged, received, and collected for such period be at a  
 5 rate agreed upon by the retail seller and the buyer.

6 (2) NOTWITHSTANDING THE PROVISIONS OF ANY OTHER LAW, A  
 7 RETAIL CHARGE ACCOUNT AGREEMENT MAY PROVIDE FOR AND THE  
 8 SELLER OR HOLDER MAY CHARGE, COLLECT, AND RECEIVE A FINANCE  
 9 CHARGE AS SPECIFIED HEREIN FOR THE PRIVILEGE OF PAYING IN  
 10 INSTALLMENTS THEREUNDER. THE FINANCE CHARGE MAY BE COMPUTED  
 11 FROM MONTH TO MONTH (WHICH NEED NOT BE A CALENDAR MONTH) OR  
 12 OTHER REGULAR BILLING CYCLE PERIOD BY APPLYING A RATE NOT TO  
 13 EXCEED 1 1/2% FOR EACH SUCH MONTHLY PERIOD TO AN AMOUNT (NOT  
 14 INCLUDING ANY UNPAID FINANCE CHARGE) NOT IN EXCESS OF THE  
 15 GREATEST OF:

16 (A) THE AVERAGE DAILY BALANCE IN THE ACCOUNT IN THE  
 17 BILLING CYCLE PERIOD;

18 (B) THE ENDING BALANCE OF THE ACCOUNT AS OF THE LAST  
 19 DAY OF THE BILLING CYCLE LESS THE AMOUNT OF PURCHASES  
 20 CHARGED TO THE ACCOUNT DURING THAT BILLING CYCLE; OR

21 (C) THE MEDIAN AMOUNT WITHIN A \$10 RANGE WITHIN WHICH  
 22 SUCH AVERAGE DAILY BALANCE OR BEGINNING BALANCE FALLS,  
 23 PROVIDED THE SELLER APPLIES THE SAME RATE OF FINANCE CHARGE  
 24 TO ALL SUCH BALANCES WITHIN SUCH RANGE.

25 (3) IF THE FINANCE CHARGE SO DETERMINED PURSUANT TO

1 ~~(2) ABOVE FOR SUCH MONTHLY PERIOD IS LESS THAN 50 CENTS. A~~  
 2 ~~MAXIMUM FINANCE CHARGE NOT IN EXCESS OF 50 CENTS MAY BE~~  
 3 ~~CHARGED, RECEIVED, AND COLLECTED FOR SUCH PERIOD."~~

4 Section 2. Section 31-1-243, MCA, is amended to read:

5 "31-1-243. Refinancing retail installment contract.  
 6 The holder of a contract, upon request by the buyer, may  
 7 extend the scheduled due date of all or any part of any  
 8 installment or installments or defer payment or payments or  
 9 renew or restate the unpaid time balance of such contract,  
 10 the amount of the installments, and the time schedule  
 11 therefor and may collect for such extension, deferment,  
 12 renewal, or restatement a refinance charge. The holder may  
 13 compute the refinance charge on the unpaid time balance to  
 14 be extended, deferred, renewed, or restated by adding to  
 15 such unpaid time balance the cost for any insurance and  
 16 other benefits incidental to the refinancing plus any  
 17 accrued delinquency and collection charges, after deducting  
 18 any refund which may be due the buyer as for a prepayment  
 19 pursuant to 31-1-242 at the rate of the finance charge  
 20 specified in 31-1-241(1) ~~and by reclassifying in the case of~~  
 21 ~~motor vehicles by its then-year model for the term of the~~  
 22 ~~refinancing agreement but otherwise subject to the~~  
 23 ~~provisions of this part governing computation of the~~  
 24 ~~original finance charges. The provisions of this part~~  
 25 ~~relating to minimum finance charges under 31-1-241(2) shall~~

1 ~~not apply in calculating refinance charges on the contract~~  
 2 ~~extended, deferred, renewed, or restated. If all unpaid~~  
 3 ~~installments are deferred for not more than 2 months, the~~  
 4 ~~holder may at his election charge and collect for such~~  
 5 ~~deferment an amount equal to the difference between the~~  
 6 ~~refund required for prepayment in full under 31-1-242 as of~~  
 7 ~~the scheduled due date of the first deferred installment and~~  
 8 ~~the refund required for prepayment in full as of 1 month~~  
 9 ~~prior to said date, times the number of months in which no~~  
 10 ~~scheduled payment is made."~~

11 SECTION 3. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON  
 12 PASSAGE AND APPROVAL.

-End-

## HOUSE BILL NO. 239

INTRODUCED BY FABREGA, GOODOVER, WALLIN, MOORE,

VINGER, NOROTVEDT, MEYER, SALES

A BILL FOR AN ACT ENTITLED: "AN ACT TO ELIMINATE USURY LIMITS UNDER THE MONTANA RETAIL INSTALLMENT SALES ACT; AMENDING SECTIONS 31-1-241 AND 31-1-243, MCA; PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 31-1-241, MCA, is amended to read:

"31-1-241. Finance charge limitation. (1) (1)

Notwithstanding the provisions of any other law, the finance charge included in a retail installment contract shall not exceed the following schedule:

(a) as to motor vehicles:

(i) class 1--any new motor vehicle designated by the manufacturer by a year model not earlier than the year in which the sale is made, \$7 per \$100 per year;

(ii) class 2--any new motor vehicle not in class 1 and any used motor vehicle designated by the manufacturer by a year model of the same or not more than 2 years prior to the year in which the sale is made, \$9 per \$100 per year;

(iii) class 3--any used motor vehicle not in class 2 and designated by the manufacturer by a year model more than

2 years prior to the year in which the sale is made, \$11 per \$100 per year;

(b) as to any industrial or construction equipment primarily designed for or used in construction, logging, mining, or other industrial business, the price of which is over \$5,000, \$9 per \$100 per year. This subsection shall not apply to agricultural equipment;

(c) as to any manufactured structure or recreational vehicle, \$9 per \$100 per year;

(d) as to services and goods other than as provided under subsections (1)(a), (1)(b), and (1)(c) above:

(i) on so much of the principal balance as does not exceed \$300, \$11 per \$100 per year;

(ii) if the principal balance exceeds \$300 but is less than \$1,000, \$9 per \$100 per year on that portion over \$300;

(iii) if the principal balance exceeds \$1,000, \$7 per \$100 per year on that portion over \$1,000.

(2) Such finance charge shall be computed on the principal balance as determined under 31-1-231(5) on contracts payable in successive monthly payments substantially equal in amount from the date of the contract until the maturity of the final installment, notwithstanding that the total time balance thereof is required to be paid in installments. A minimum finance charge of \$20 may be charged on any retail installment contract.

1 (3) When a retail installment contract provides for  
 2 payment other than in equal successive monthly installments,  
 3 the finance charge may be a rate which will provide the same  
 4 yield as is permitted on monthly payment contracts under  
 5 subsections (1) and (2) hereof, having due regard for the  
 6 schedule of payments in the contract.

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

17 (a) the average daily balance in the account in the  
 18 billing cycle period;

19 (b) the ending balance of the account as of the last  
 20 day of the billing cycle less the amount of purchases  
 21 charged to the account during that billing cycle; or

22 (c) the median amount within a \$10 range within which  
 23 such average daily balance or beginning balance falls,  
 24 provided the seller applies the same rate of finance charge  
 25 to all such balances within such range.

1 (5) If the finance charge so determined pursuant to  
 2 (4) above for such monthly period is less than 50 cents, a  
 3 maximum finance charge not in excess of 50 cents may be  
 4 charged, received, and collected for such period be at a  
 5 rate agreed upon by the retail seller and the buyer.

6 (2) NOTWITHSTANDING THE PROVISIONS OF ANY OTHER LAW, A  
 7 RETAIL CHARGE ACCOUNT AGREEMENT MAY PROVIDE FOR AND THE  
 8 SELLER OR HOLDER MAY CHARGE, COLLECT, AND RECEIVE A FINANCE  
 9 CHARGE AS SPECIFIED HEREIN FOR THE PRIVILEGE OF PAYING IN  
 10 INSTALLMENTS THEREUNDER. THE FINANCE CHARGE MAY BE COMPUTED  
 11 FROM MONTH TO MONTH (WHICH NEED NOT BE A CALENDAR MONTH) OR  
 12 OTHER REGULAR BILLING CYCLE PERIOD BY APPLYING A RATE NOT TO  
 13 EXCEED 1 1/2% FOR EACH SUCH MONTHLY PERIOD TO AN AMOUNT (NOT  
 14 INCLUDING ANY UNPAID FINANCE CHARGE) NOT IN EXCESS OF THE  
 15 GREATEST OF:

16 (A) THE AVERAGE DAILY BALANCE IN THE ACCOUNT IN THE  
 17 BILLING CYCLE PERIOD;

18 (B) THE ENDING BALANCE OF THE ACCOUNT AS OF THE LAST  
 19 DAY OF THE BILLING CYCLE LESS THE AMOUNT OF PURCHASES  
 20 CHARGED TO THE ACCOUNT DURING THAT BILLING CYCLE; OR

21 (C) THE MEDIAN AMOUNT WITHIN A \$10 RANGE WITHIN WHICH  
 22 SUCH AVERAGE DAILY BALANCE OR BEGINNING BALANCE FALLS,  
 23 PROVIDED THE SELLER APPLIES THE SAME RATE OF FINANCE CHARGE  
 24 TO ALL SUCH BALANCES WITHIN SUCH RANGE.

25 (3) IF THE FINANCE CHARGE SO DETERMINED PURSUANT TO

1 (2) ABOVE FOR SUCH MONTHLY PERIOD IS LESS THAN 50 CENTS, A  
 2 MAXIMUM FINANCE CHARGE NOT IN EXCESS OF 50 CENTS MAY BE  
 3 CHARGED, RECEIVED, AND COLLECTED FOR SUCH PERIOD."

4 Section 2. Section 31-1-243, MCA, is amended to read:  
 5 "31-1-243. Refinancing retail installment contract.  
 6 The holder of a contract, upon request by the buyer, may  
 7 extend the scheduled due date of all or any part of any  
 8 installment or installments or defer payment or payments or  
 9 renew or restate the unpaid time balance of such contract,  
 10 the amount of the installments, and the time schedule  
 11 therefor and may collect for such extension, deferment,  
 12 renewal, or restatement a refinance charge. The holder may  
 13 compute the refinance charge on the unpaid time balance to  
 14 be extended, deferred, renewed, or restated by adding to  
 15 such unpaid time balance the cost for any insurance and  
 16 other benefits incidental to the refinancing plus any  
 17 accrued delinquency and collection charges, after deducting  
 18 any refund which may be due the buyer as for a prepayment  
 19 pursuant to 31-1-242 at the rate of the finance charge  
 20 specified in 31-1-241(1) and by reclassifying in the case of  
 21 motor vehicles by its then-year model for the term of the  
 22 refinancing agreement but otherwise subject to the  
 23 provisions of this part governing computation of the  
 24 original finance charge the provisions of this part  
 25 relating to minimum finance charges under 31-1-241(2) shall

1 ~~not apply in calculating refinance charges on the contract~~  
 2 ~~extended, deferred, renewed, or restated.~~ If all unpaid  
 3 installments are deferred for not more than 2 months, the  
 4 holder may at his election charge and collect for such  
 5 deferment an amount equal to the difference between the  
 6 refund required for prepayment in full under 31-1-242 as of  
 7 the scheduled due date of the first deferred installment and  
 8 the refund required for prepayment in full as of 1 month  
 9 prior to said date, times the number of months in which no  
 10 scheduled payment is made."

11 SECTION 3. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON  
 12 PASSAGE AND APPROVAL.

-End-

## HOUSE BILL NO. 239

INTRODUCED BY FABREGA, GOODOVER, WALLIN, MOORE,

VINGER, NORDTVEDT, MEYER, SALES

A BILL FOR AN ACT ENTITLED: "AN ACT TO ELIMINATE USURY LIMITS UNDER THE MONTANA RETAIL INSTALLMENT SALES ACT; AMENDING SECTIONS 31-1-241 AND 31-1-243, MCA; PROVIDING AN IMMEDIATE EFFECTIVE DATE AND TERMINATION DATE."

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

Section 1. Section 31-1-241, MCA, is amended to read:

"31-1-241. Finance charge limitation. ~~(1)~~ (1)

Notwithstanding the provisions of any other law, the finance charge included in a retail installment contract shall not exceed the following schedule:

~~(a) as to motor vehicles:~~

~~(i) class 1--any new motor vehicle designated by the manufacturer by a year model not earlier than the year in which the sale is made, \$7 per \$100 per year;~~

~~(ii) class 2--any new motor vehicle not in class 1 and any used motor vehicle designated by the manufacturer by a year model of the same or not more than 2 years prior to the year in which the sale is made, \$9 per \$100 per year;~~

~~(iii) class 3--any used motor vehicle not in class 2 and designated by the manufacturer by a year model more than~~

~~2 years prior to the year in which the sale is made, \$11 per \$100 per year;~~

~~(b) as to any industrial or construction equipment primarily designed for or used in construction, logging, mining, or other industrial business, the price of which is over \$5,000, \$9 per \$100 per year. This subsection shall not apply to agricultural equipment;~~

~~(c) as to any manufactured structure or recreational vehicle, \$9 per \$100 per year;~~

~~(d) as to services and goods other than as provided under subsections (1)(a), (1)(b), and (1)(c) above;~~

~~(i) on so much of the principal balance as does not exceed \$300, \$11 per \$100 per year;~~

~~(ii) if the principal balance exceeds \$300 but is less than \$1,000, \$9 per \$100 per year on that portion over \$300;~~

~~(iii) if the principal balance exceeds \$1,000, \$7 per \$100 per year on that portion over \$1,000;~~

~~(2) Such finance charge shall be computed on the principal balance as determined under 31-1-231(5) on contracts payable in successive monthly payments substantially equal in amount from the date of the contract until the maturity of the final installment, notwithstanding that the total time balance thereof is required to be paid in installments. A minimum finance charge of \$20 may be charged on any retail installment contract.~~

1           (3) ~~When a retail installment contract provides for~~  
 2 ~~payment other than in equal successive monthly installments,~~  
 3 ~~the finance charge may be a rate which will provide the same~~  
 4 ~~yield as is permitted on monthly payment contracts under~~  
 5 ~~subsections (1) and (2) hereof, having due regard for the~~  
 6 ~~schedule of payments in the contract.~~

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

17           (a) ~~the average daily balance in the account in the~~  
 18 ~~billing cycle period;~~

19           (b) ~~the ending balance of the account as of the last~~  
 20 ~~day of the billing cycle less the amount of purchases~~  
 21 ~~charged to the account during that billing cycle; or~~

22           (c) ~~the median amount within a \$10 range within which~~  
 23 ~~such average daily balance or beginning balance falls,~~  
 24 ~~provided the seller applies the same rate of finance charge~~  
 25 ~~to all such balances within such range.~~

1           (5) ~~If the finance charge so determined pursuant to~~  
 2 ~~(4) above for such monthly period is less than 50 cents, a~~  
 3 ~~maximum finance charge not in excess of 50 cents may be~~  
 4 ~~charged, received, and collected for such period be at a~~  
 5 ~~rate agreed upon by the retail seller and the buyer.~~

6           (2) ~~NOTWITHSTANDING THE PROVISIONS OF ANY OTHER LAW A~~  
 7 ~~RETAIL CHARGE ACCOUNT AGREEMENT MAY PROVIDE FOR AND THE~~  
 8 ~~SELLER OR HOLDER MAY CHARGE, COLLECT, AND RECEIVE A FINANCE~~  
 9 ~~CHARGE AS SPECIFIED HEREIN FOR THE PRIVILEGE OF PAYING IN~~  
 10 ~~INSTALLMENTS THEREUNDER THE FINANCE CHARGE INCLUDED IN A~~  
 11 ~~RETAIL CHARGE ACCOUNT AGREEMENT SHALL BE AT A RATE AGREED~~  
 12 ~~UPON BY THE RETAIL SELLER AND THE BUYER. THE FINANCE CHARGE~~  
 13 ~~MAY SHALL BE COMPUTED FROM MONTH TO MONTH (WHICH NEED NOT BE~~  
 14 ~~A CALENDAR MONTH) OR OTHER REGULAR BILLING CYCLE PERIOD BY~~  
 15 ~~APPLYING A RATE NOT TO EXCEED 1 1/2% FOR EACH SUCH MONTHLY~~  
 16 ~~PERIOD TO AN AMOUNT (NOT INCLUDING ANY UNPAID FINANCE~~  
 17 ~~CHARGE) NOT IN EXCESS OF THE GREATEST OF:~~

18           (a) ~~THE AVERAGE DAILY BALANCE IN THE ACCOUNT IN THE~~  
 19 ~~BILLING CYCLE PERIOD;~~

20           (b) ~~USING THE ENDING BALANCE OF THE ACCOUNT AS OF THE~~  
 21 ~~LAST DAY OF THE BILLING CYCLE LESS THE AMOUNT OF PURCHASES~~  
 22 ~~CHARGED TO THE ACCOUNT DURING THAT BILLING CYCLE; OR~~

23           (c) ~~THE MEDIAN AMOUNT WITHIN A \$10 RANGE WITHIN WHICH~~  
 24 ~~SUCH AVERAGE DAILY BALANCE OR BEGINNING BALANCE FALLS,~~  
 25 ~~PROVIDED THE SELLER APPLIES THE SAME RATE OF FINANCE CHARGE~~

~~TO ALL SUCH BALANCES WITHIN SUCH RANGE.~~

~~(3) IF THE FINANCE CHARGE SO DETERMINED PURSUANT TO  
(2) ABOVE FOR SUCH MONTHLY PERIOD IS LESS THAN 50 CENTS, A  
MAXIMUM FINANCE CHARGE NOT IN EXCESS OF 50 CENTS MAY BE  
CHARGED, RECEIVED, AND COLLECTED FOR SUCH PERIOD.~~

(A) A SELLER MAY CHANGE THE TERMS OF A REVOLVING  
CHARGE ACCOUNT WHETHER OR NOT THE CHANGE IS AUTHORIZED BY  
PRIOR AGREEMENT. THE SELLER SHALL GIVE THE BUYER WRITTEN  
NOTICE OF ANY CHANGE IN THE TWO BILLING CYCLES PRIOR TO THE  
EFFECTIVE DATE OF THE CHANGE.

(B) IF THE RETAIL SELLER INCREASES HIS FINANCE CHARGE  
ON A RETAIL CHARGE ACCOUNT AGREEMENT, THEN SUCH INCREASED  
RATE MAY ONLY BE APPLIED TO THE BALANCE CONSISTING OF  
PURCHASES ON OTHER CHARGES INCURRED ON OR AFTER THE  
EFFECTIVE DATE OF THE INCREASE.

(C) FOR PURPOSES OF DETERMINING THE BALANCE TO WHICH  
THE INCREASED RATE APPLIES, ALL PAYMENTS MAY BE CONSIDERED  
TO BE APPLIED TO THE BALANCE EXISTING PRIOR TO THE CHANGE IN  
RATE UNTIL THAT BALANCE IS PAID IN FULL."

SECTION 2. SECTION 31-1-241, MCA, IS AMENDED TO READ:

"31-1-241. Finance charge limitation. (1)  
Notwithstanding the provisions of any other law, the finance  
charge included in a retail installment contract shall not  
exceed the following schedule:

(a) as to motor vehicles:

(i) class 1—any new motor vehicle designated by the  
manufacturer by a year model not earlier than the year in  
which the sale is made, \$7 per \$100 per year;

(ii) class 2—any new motor vehicle not in class 1 and  
any used motor vehicle designated by the manufacturer by a  
year model of the same or not more than 2 years prior to the  
year in which the sale is made, \$9 per \$100 per year;

(iii) class 3—any used motor vehicle not in class 2  
and designated by the manufacturer by a year model more than  
2 years prior to the year in which the sale is made, \$11 per  
\$100 per year;

(b) as to any industrial or construction equipment  
primarily designed for or used in construction, logging,  
mining, or other industrial business, the price of which is  
over \$5,000, \$9 per \$100 per year. This subsection shall not  
apply to agricultural equipment.

(c) as to any manufactured structure or recreational  
vehicle, \$9 per \$100 per year;

(d) as to services and goods other than as provided  
under subsections (1)(a), (1)(b), and (1)(c) above:

(i) on so much of the principal balance as does not  
exceed \$300, \$11 per \$100 per year;

(ii) if the principal balance exceeds \$300 but is less  
than \$1,000, \$9 per \$100 per year on that portion over \$300;

(iii) if the principal balance exceeds \$1,000, \$7 per

1 \$100 per year on that portion over \$1,000.  
 2 (2) Such finance charge shall be computed on the  
 3 principal balance as determined under 31-1-231(5) on  
 4 contracts payable in successive monthly payments  
 5 substantially equal in amount from the date of the contract  
 6 until the maturity of the final installment, notwithstanding  
 7 that the total time balance thereof is required to be paid  
 8 in installments. A minimum finance charge of \$20 may be  
 9 charged on any retail installment contract.  
 10 (3) When a retail installment contract provides for  
 11 payment other than in equal successive monthly installments,  
 12 the finance charge may be a rate which will provide the same  
 13 yield as is permitted on monthly payment contracts under  
 14 subsections (1) and (2) hereof, having due regard for the  
 15 schedule of payments in the contract.  
 16 (4) Notwithstanding the provisions of any other law, a  
 17 retail charge account agreement may provide for and the  
 18 seller or holder may charge, collect, and receive a finance  
 19 charge as specified herein for the privilege of paying in  
 20 installments thereunder. The finance charge may be computed  
 21 from month to month (which need not be a calendar month) or  
 22 other regular billing cycle period by applying a rate not to  
 23 exceed 1 1/2% for each such monthly period to an amount (not  
 24 including any unpaid finance charge) ~~not in excess of the~~  
 25 ~~greatest of~~

1 ~~(a) the average daily balance in the account in the~~  
 2 ~~billing cycle period;~~  
 3 ~~(b) by using~~ the ending balance of the account as of  
 4 the last day of the billing cycle less the amount of  
 5 purchases charged to the account during that billing cycle;  
 6 or  
 7 ~~(c) the median amount within a \$10 range within which~~  
 8 ~~such average daily balance or beginning balance falls,~~  
 9 ~~provided the seller applies the same rate of finance charge~~  
 10 ~~to all such balances within such ranges.~~  
 11 (a) A seller may change the terms of a revolving  
 12 charge account whether or not the change is authorized by  
 13 prior agreement. The seller shall give the buyer written  
 14 notice of any change in the two billing cycles prior to the  
 15 effective date of the change.  
 16 (b) If the retail seller increases his finance charge  
 17 on a retail charge account agreement, within the permitted  
 18 ceiling amount, then such increased rate may only be applied  
 19 to the balance consisting of purchases on other charges  
 20 incurred on or after the effective date of the increase.  
 21 (c) For purposes of determining the balance to which  
 22 the increased rate applies, all payments may be considered  
 23 to be applied to the balance existing prior to the change in  
 24 rate until that balance is paid in full.  
 25 (5) If the finance charge so determined pursuant to

1 (4) above for such monthly period is less than 50 cents, a  
 2 maximum finance charge not in excess of 50 cents may be  
 3 charged, received, and collected for such period."

4 Section 3. Section 31-1-243, MCA, is amended to read:

5 "31-1-243. Refinancing retail installment contract.  
 6 The holder of a contract, upon request by the buyer, may  
 7 extend the scheduled due date of all or any part of any  
 8 installment or installments or defer payment or payments or  
 9 renew or restate the unpaid time balance of such contract,  
 10 the amount of the installments, and the time schedule  
 11 therefor and may collect for such extension, deferment,  
 12 renewal, or restatement a refinance charge. The holder may  
 13 compute the refinance charge on the unpaid time balance to  
 14 be extended, deferred, renewed, or restated by adding to  
 15 such unpaid time balance the cost for any insurance and  
 16 other benefits incidental to the refinancing plus any  
 17 accrued delinquency and collection charges, after deducting  
 18 any refund which may be due the buyer as for a prepayment  
 19 pursuant to 31-1-242 at the rate of the finance charge  
 20 specified in 31-1-241~~(1)~~ and by reclassifying in the case of  
 21 motor vehicles by its then-year model for the term of the  
 22 refinancing agreement but otherwise subject to the  
 23 provisions of this part governing computation of the  
 24 original finance charge. The provisions of this part  
 25 relating to minimum finance charges under 31-1-241(2) shall

1 ~~not apply in calculating refinance charges on the contract~~  
 2 ~~extended, deferred, renewed, or restated.~~ If all unpaid  
 3 installments are deferred for not more than 2 months, the  
 4 holder may at his election charge and collect for such  
 5 deferment an amount equal to the difference between the  
 6 refund required for prepayment in full under 31-1-242 as of  
 7 the scheduled due date of the first deferred installment and  
 8 the refund required for prepayment in full as of 1 month  
 9 prior to said date, times the number of months in which no  
 10 scheduled payment is made."

11 SECTION 4. MERCHANT FINANCE. A FINANCE OPERATION THAT  
 12 FINANCES TRANSACTIONS BETWEEN MERCHANTS, AS DEFINED IN  
 13 30-2-104, IS ALSO EXEMPT FROM USURY LIMITS.

14 SECTION 5. EFFECTIVE DATE -- TERMINATION. (1) THIS  
 15 ACT, EXCEPT AS PROVIDED IN SUBSECTION (2), IS EFFECTIVE ON  
 16 PASSAGE AND APPROVAL AND TERMINATES ON JULY 1, 1983.

17 (2) SECTION 2 IS EFFECTIVE JULY 1, 1983.

-End-

March 9, 1981

SENATE STANDING COMMITTEE REPORT  
(Business and Industry)

That House Bill No. 239 be amended as follows:

1. Title, line 8.

Following: "DATE"

Insert: "AND TERMINATION DATE"

2. Page 4, lines 6 through 10.

Following: "LAW"

Strike: remainder of line 6 through "THEREUNDER" on line 10.

Insert: "the finance charge included in a retail charge account agreement shall be at a rate agreed upon by the retail seller and the buyer"

3. Page 4, line 10.

Following: "CHARGE"

Strike: "MAY"

Insert: "shall"

4. Page 4, lines 12 through 18.

Following: "BY"

Strike: remainder of line 12 through "(B)" on line 18.

Insert: "using"

5. Page 4, line 20 through line 3 on page 5.

Following: "CYCLE"

Strike: remainder of line 20 through line 3 on page 5.

Insert: ". (a) A seller may change the terms of a revolving charge account whether or not the change is authorized by prior agreement. The seller shall give the buyer written notice of any change in the two billing cycles prior to the effective date of the change.

(b) If the retail seller increases his finance charge on a retail charge account agreement, then such increased rate may only be applied to the balance consisting of purchases on other charges incurred on or after the effective date of the increase.

(c) For purposes of determining the balance to which the increased rate applies, all payments may be considered to be applied to the balance existing prior to the change in rate until that balance is paid in full "

6. Page 6, line 11.

Following: line 10.

Insert: "Section 3. Merchant finance. A finance operation that finances transactions between merchants, as defined in 30-2-104, is also exempt from usury limits."

ReNUMBER: subsequent sections

7. Page 6, line 11.

Following: "DATE"

Insert: " -- Termination"

8. Page 6, line 12.

Following: "APPROVAL"

Insert: "and terminates on July 1, 1983"

March 16, 1981

SENATE STANDING COMMITTEE REPORT  
(Business and Industry)

That House Bill No. 239 be amended as follows:

1. Page 5, line 4.

Following: line 3

Insert: "Section 2. Section 31-1-241, MCA, is amended to read:

" 31-1-241. Finance charge limitation. (1) Notwithstanding the provisions of any other law, the finance charge included in a retail installment contract shall not exceed the following schedule:

(a) as to motor vehicles:

(i) class 1--any new motor vehicle designated by the manufacturer by a year model not earlier than the year in which the sale is made, \$7 per \$100 per year;

(ii) class 2--any new motor vehicle not in class 1 and any used motor vehicle designated by the manufacturer by a year model of the same or not more than 2 years prior to the year in which the sale is made, \$9 per \$100 per year;

(iii) class 3--any used motor vehicle not in class 2 and designated by the manufacturer by a year model more than 2 years prior to the year in which the sale is made, \$11 per \$100 per year;

(b) as to any industrial or construction equipment primarily designed for or used in construction, logging, mining, or other industrial business, the price of which is over \$5,000, \$9 per \$100 per year. This subsection shall not apply to agricultural equipment.

(c) as to any manufactured structure or recreational vehicle, \$9 per \$100 per year;

(d) as to services and goods other than as provided under subsections (1)(a), (1)(b), and (1)(c) above:

(i) on so much of the principal balance as does not exceed \$300, \$11 per \$100 per year;

(ii) if the principal balance exceeds \$300 but is less than \$1,000, \$9 per \$100 per year on that portion over \$300;

(iii) if the principal balance exceeds \$1,000, \$7 per \$100 per year on that portion over \$1,000.

(2) Such finance charge shall be computed on the principal balance as determined under 31-1-231(5) on contracts payable in successive monthly payments substantially equal in amount from the date of the contract until the maturity of the final installment, notwithstanding that the total time balance thereof is required to be paid in installments. A minimum finance charge of \$20 may be charged on any retail installment contract.

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

(4) Notwithstanding the provisions of any other law, a retail charge account agreement may provide for and the seller or holder may charge, collect, and receive a finance charge as specified herein for the privilege of paying in installments thereunder. The finance charge may be computed from month to month (which need not be a calendar month) or other regular billing cycle period by applying a rate not to exceed 1 1/2% for each such monthly period to an amount

(not including any unpaid finance charge) ~~not-in-excess-of-the greatest-of,~~ by using

~~(a)--the-average-daily-balance-in-the-account-in-the-billing-cycle period;~~

~~(b) the ending balance of the account as of the last day of the billing cycle less the amount of purchases charged to the account during that billing cycle; or,~~

~~(c)--the-median-amount-within-a-\$10-range-within-which-such-average daily-balance-or-beginning-balance-falls,-provided-the-seller-applies the-same-rate-of-finance-charge-to-all-such-balances-within-such-range;~~

(a) A seller may change the terms of a revolving charge account whether or not the change is authorized by prior agreement. The seller shall give the buyer written notice of any change in the two billing cycles prior to the effective date of the change.

(b) If the retail seller increases his finance charge on a retail charge account agreement, within the permitted ceiling amount, then such increased rate may only be applied to the balance consisting of purchases on other charges incurred on or after the effective date of the increase.

(c) For purposes of determining the balance to which the increased rate applies, all payments may be considered to be applied to the balance existing prior to the change in rate until that balance is paid in full.

(5) If the finance charge so determined pursuant to (4) above for such monthly period is less than 50 cents, a maximum finance charge not in excess of 50 cents may be charged, received, and collected for such period."

Renumber: subsequent sections.

2. Page 6, line 11.

Following: "DATE."

Insert: "(1)"

Following: "ACT"

Insert: ", except as provided in subsection (2),"

3. Page 6, line 13.

Following: line 12

Insert: "(2) Section 2 is effective July 1, 1983."