

House Bill 242

In The House

January 15, 1981

Introduced and referred
to Committee on Business
and Industry.

April 23, 1981

Died in Committee.

HOUSE BILL NO. 242

INTRODUCED BY Falanga

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE FINANCE CHARGE LIMITATIONS INCLUDED IN RETAIL INSTALLMENT CONTRACTS; AMENDING SECTION 31-1-241, MCA."

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)

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 11 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 12 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 15 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 11 per \$100 per year. This subsection shall not apply to agricultural equipment.

(c) as to any manufactured structure or recreational vehicle, \$9 11 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 \$300 500, \$11 15 per \$100 per year;

(ii) if the principal balance exceeds \$300 500 but is less than \$1,000, \$9 12 per \$100 per year on that portion over \$300 500;

(iii) if the principal balance exceeds \$1,000, \$7 11 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

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

6 (4) 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 (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.*

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