

HOUSE BILL NO. 492

INTRODUCED BY MEYER, FABREGA, HEMSTAD

IN THE HOUSE

January 26, 1981	Introduced and referred to Committee on Business and Industry.
February 20, 1981	Committee recommend bill do pass as amended. Report adopted.
February 21, 1981	Bill printed and placed on members' desks. Second reading, do pass.
February 23, 1981	Correctly engrossed.
February 24, 1981	Third reading, passed. Ayes, 97; Noes, 0. Transmitted to Senate.

IN THE SENATE

March 2, 1981	Introduced and referred to Committee on Business and Industry.
March 16, 1981	Committee recommend bill be concurred in. Report adopted.
March 18, 1981	Motion pass consideration.
March 19, 1981	Second reading, concurred in.
March 21, 1981	Third reading, concurred in. Ayes, 46; Noes, 2.

IN THE HOUSE

March 23, 1981	Returned from Senate. Concurred in. Sent to enrolling. Reported correctly enrolled.
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HOUSE BILL NO. 492

INTRODUCED BY

Meyer Salvo Hemstad

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR OPEN-END LOANS BY THE HOLDER OF A SUPPLEMENTARY LICENSE UNDER THE MONTANA CONSUMER LOAN ACT."

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

Section 1. Open-end loans. (1) A holder of a supplementary license may make open-end loans up to the maximum amount permitted for other loans under this chapter and may contract for and receive charges at a rate not in excess of the rate set forth in 32-5-301(10) on unpaid balances outstanding from time to time for the actual time outstanding.

(2) A holder of a supplementary license may not compound charges by adding any unpaid charges authorized by this section to the unpaid principal balance of the borrower's account; however, the unpaid principal balance may include the additional charges authorized by [section 4] and by 32-5-301(7).

Section 2. Computation of charges. (1) Charges authorized by [sections 1 through 6] shall be computed in each billing cycle by any of the following methods:

(a) by converting the monthly rate to a daily rate and

multiplying such daily rate by the daily unpaid principal balance of the account; or

(b) by multiplying the monthly rate by the average daily unpaid principal balance of the account in the billing cycle, in which case the average daily unpaid principal balance is the sum of the amount unpaid each day during the cycle divided by the number of days in the cycle; or

(c) by multiplying the daily rate by the average daily unpaid principal balance of the account in the billing cycle.

(2) For purposes of [sections 1 through 6], "billing cycle" means the time interval between periodic billing dates. A billing cycle shall be considered monthly if the closing date of the cycle is the same date each month or does not vary by more than 4 days from such date.

(3) For all of the above methods of computation, the billing cycle shall be monthly and the unpaid principal balance on any day shall be determined by adding to any balance unpaid as of the beginning of that day all advances and other permissible amounts charged to the borrower and deducting all payments and other credits made or received that day.

Section 3. Early payment. The borrower may at any time pay all or any part of the unpaid balance in his account, or if the account is not in default, the borrower may pay the

1 unpaid principal balance in monthly installments, subject to
 2 minimum payment requirements as determined by the licensee
 3 and set forth in the open-end loan agreement. Minimum
 4 monthly payments shall be in such amount as would result in
 5 the full repayment of the initial loan advance, exclusive of
 6 any charges, within the maximum term set forth for other
 7 loans of the same amount in 32-5-302(1).

8 Section 4. Additional charges. In addition to the
 9 charges permitted under [section 1], a holder of a
 10 supplementary license may contract for and receive the fees,
 11 costs, and expenses permitted by this chapter on other
 12 loans, subject to all the conditions and restrictions set
 13 forth in the applicable provisions of this chapter with the
 14 following variations:

15 (1) If credit life or disability insurance is provided
 16 and if the insured dies or becomes disabled when there is an
 17 outstanding open-end loan indebtedness, the insurance must
 18 be sufficient to pay, in the case of credit life insurance,
 19 the total balance of the loan due on the date of the
 20 borrower's death or, in the case of credit disability
 21 insurance, all minimum payments that become due on the loan
 22 during the covered period of disability. The additional
 23 charge for credit life insurance or credit disability
 24 insurance shall be calculated in each billing cycle by
 25 applying the current monthly premium rate for such

1 insurance, as such rate may be determined by the
 2 commissioner of insurance, to the unpaid balances in the
 3 borrower's account, using either of the methods specified in
 4 [section 2] for the calculation of loan charges.

5 (2) The amount, terms, and conditions of any insurance
 6 against loss or damage to property must be reasonable in
 7 relation to the character and value of the property insured
 8 and the maximum anticipated amount of credit to be extended.

9 Section 5. Security. A holder of a supplementary
 10 license may take a security interest in personal property to
 11 secure an open-end loan, and may retain any such security
 12 interest until the open-end account is terminated. A holder
 13 of a supplementary license may take a security interest in
 14 real property to secure an open-end loan, and may retain any
 15 such security interest until the open-end account is
 16 terminated; however, if there is no outstanding balance in
 17 the account and there is no commitment by the licensee to
 18 make additional advances the licensee shall, within 10 days
 19 following written request by the borrower, deliver to the
 20 borrower a release of the mortgage or a request for
 21 reconveyance of the deed of trust or trust indenture on any
 22 real property taken as security for a loan.

23 Section 6. Provisions not applicable. The provisions
 24 of subsections (5) and (6) of 32-5-301 and the provisions of
 25 32-5-304 do not apply to open-end loans.

LC 2293/01

1 Section 7. Codification instruction. Sections 1
2 through 6 are intended to be codified as an integral part of
3 Title 32, chapter 5, and the provisions of Title 32, chapter
4 5, apply to sections 1 through 6.

-End-

HB 492

Approved by Committee
on Business and Industry

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INTRODUCED BY MEYER, FABREGA, HEMSTAD

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR OPEN-END
LOANS BY THE HOLDER OF A SUPPLEMENTARY LICENSE UNDER THE
MONTANA CONSUMER LOAN ACT."

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

Section 1. Open-end loans. (1) A holder of a
supplementary license may make open-end loans up to the
maximum amount permitted for other loans under this chapter
and may contract for and receive charges at a rate not in
excess of the rate set forth in 32-5-301(10) on unpaid
balances outstanding from time to time for the actual time
outstanding.

(2) A holder of a supplementary license may not
compound charges by adding any unpaid charges authorized by
this section to the unpaid principal balance of the
borrower's account; however, the unpaid principal balance
may include the ~~additional--charges~~ FEES PAID TO THIRD
PARTIES AS authorized by [section 4] and by 32-5-301(7).

Section 2. Computation of charges. (1) Charges
authorized by [sections 1 through 6] shall be computed in
each billing cycle by any of the following methods:

(a) by converting the monthly rate to a daily rate and

multiplying such daily rate by the daily unpaid principal
balance of the account; or

(b) by multiplying the monthly rate by the average
daily unpaid principal balance of the account in the billing
cycle, in which case the average daily unpaid principal
balance is the sum of the amount unpaid each day during the
cycle divided by the number of days in the cycle; or

(c) by multiplying the daily rate by the average daily
unpaid principal balance of the account in the billing
cycle.

(2) For purposes of [sections 1 through 6], "billing
cycle" means the time interval between periodic billing
dates. A billing cycle shall be considered monthly if the
closing date of the cycle is the same date each month or
does not vary by more than 4 days from such date.

(3) For all of the above methods of computation, the
billing cycle shall be monthly and the unpaid principal
balance on any day shall be determined by adding to any
balance unpaid as of the beginning of that day all advances
and other permissible amounts charged to the borrower and
deducting all payments and other credits made or received
that day.

Section 3. Early payment. The borrower may at any time
pay all or any part of the unpaid balance in his account, or
if the account is not in default, the borrower may pay the

1 unpaid principal balance in monthly installments, subject to
 2 minimum payment requirements as determined by the licensee
 3 and set forth in the open-end loan agreement. Minimum
 4 monthly payments shall be in such amount as would result in
 5 the full repayment of the initial loan advance, exclusive of
 6 any charges, within the maximum term set forth for other
 7 loans of the same amount in 32-5-302(1).

8 Section 4. Additional charges. In addition to the
 9 charges permitted under [section 1], a holder of a
 10 supplementary license may contract for and receive the fees,
 11 costs, and expenses permitted by this chapter on other
 12 loans, subject to all the conditions and restrictions set
 13 forth in the applicable provisions of this chapter with the
 14 following variations:

15 (1) If credit life or disability insurance is provided
 16 and if the insured dies or becomes disabled when there is an
 17 outstanding open-end loan indebtedness, the insurance must
 18 be sufficient to pay, in the case of credit life insurance,
 19 the total balance of the loan due on the date of the
 20 borrower's death or, in the case of credit disability
 21 insurance, all minimum payments that become due on the loan
 22 during the covered period of disability. The additional
 23 charge for credit life insurance or credit disability
 24 insurance shall be calculated in each billing cycle by
 25 applying the current monthly premium rate for such

1 insurance, as such rate may be determined by the
 2 commissioner of insurance, to the unpaid balances in the
 3 borrower's account, using either of the methods specified in
 4 [section 2] for the calculation of loan charges.

5 (2) The amount, terms, and conditions of any insurance
 6 against loss or damage to property must be reasonable in
 7 relation to the character and value of the property insured
 8 and the maximum anticipated amount of credit to be extended.

9 Section 5. Security. A holder of a supplementary
 10 license may take a security interest in personal property to
 11 secure an open-end loan, and may retain any such security
 12 interest until the open-end account is terminated. A holder
 13 of a supplementary license may take a security interest in
 14 real property to secure an open-end loan, and may retain any
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 16 terminated; however, if there is no outstanding balance in
 17 the account and there is no commitment by the licensee to
 18 make additional advances the licensee shall, within 10 days
 19 following written request by the borrower, deliver to the
 20 borrower a release of the mortgage or a request for
 21 reconveyance of the deed of trust or trust indenture on any
 22 real property taken as security for a loan.

23 Section 6. Provisions not applicable. The provisions
 24 of subsections (5) and (6) of 32-5-301 and the provisions of
 25 32-5-304 do not apply to open-end loans.

1 Section 7. Codification instruction. Sections 1
2 through 6 are intended to be codified as an integral part of
3 Title 32, chapter 5, and the provisions of Title 32, chapter
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