

SENATE BILL NO. 335

INTRODUCED BY

Michelle Forbes Barnett Gubler
Messiah Wilson

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE MONTANA RETAIL INSTALLMENT SALES ACT; CHANGING THE DELINQUENCY FEE AND THE COMPUTATION OF FINANCE CHARGES; AND AMENDING SECTIONS 31-1-235 AND 31-1-241, MCA."

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

Section 1. Section 31-1-235, MCA, is amended to read:

"**31-1-235. Delinquency fee.** The holder of a retail installment contract or retail charge account agreement may collect a delinquency charge on each installment in default for a period not less than 10 days in an amount not in excess of ~~5% of each installment or \$15, whichever is less,~~ or, in lieu of the charge, interest after maturity on each installment not exceeding the highest lawful contract rate. In addition to a delinquency charge, the contract may provide for the payment of ~~attorneys'~~ attorney fees not exceeding 15% of the amount due and payable under the contract when the contract is referred for collection to an attorney not a salaried employee of the holder of the contract and for court costs and actual and reasonable out-of-pocket expenses incurred in connection with the delinquency."

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

"**31-1-241. Finance charge limitation charges.** (1) Notwithstanding the provisions of any other law, the finance charge included in a retail installment contract ~~shall~~ must be at a rate agreed upon by the retail seller and the buyer.

(2) Notwithstanding the provisions of any other law, the finance charge included in a retail charge account agreement ~~shall~~ must be at a rate agreed upon by the retail seller and the buyer.

~~(a) Except as provided in subsection (2)(b), the~~ The finance charge ~~shall~~ must be computed from month to month, ~~(which need not be a calendar month),~~ or other regular billing cycle period by using ~~the average daily balance of the account during the billing cycle without including in the computation the amount of purchases charged to the account during that billing cycle.~~

~~(b) Nothing in this section prevents a retail seller and a buyer from agreeing to the computation of~~

1 ~~the finance charge by using the ending balance of the account as of the last day of the billing cycle period~~
2 ~~less the amount of purchases charged to the account during that billing cycle. either:~~

3 (a) the average daily balance in the account in the billing cycle period; or

4 (b) the ending balance of the account as of the last day of the billing cycle, less the amount of
5 purchases charged to the account during that cycle.

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

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

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

15 (6) If the finance charge determined pursuant to subsection (2) for a monthly period is less than
16 50 cents, a maximum finance charge not in excess of 50 cents may be charged and collected for ~~such~~ the
17 period."

18 -END-

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Nick Forbes *Barnett Billinger*
Mason Wilson

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

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(2) Notwithstanding the provisions of any other law, the finance charge included in a retail charge account agreement ~~shall~~ must be at a rate agreed upon by the retail seller and the buyer.

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11 incurred on or after the effective date of the increase.

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

15 (6) If the finance charge determined pursuant to subsection (2) for a monthly period is less than
16 50 cents, a maximum finance charge not in excess of 50 cents may be charged and collected for ~~such~~ the
17 period."

18 -END-

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SENATE BILL NO. 335

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INTRODUCED BY

Nick Forbes Barnett Billings
Mason Wilson

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 5 CHANGING THE DELINQUENCY FEE AND THE COMPUTATION OF FINANCE CHARGES; AND AMENDING
 6 SECTIONS 31-1-235 AND 31-1-241, MCA."

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

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Section 1. Section 31-1-235, MCA, is amended to read:

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"**31-1-235. Delinquency fee.** The holder of a retail installment contract or retail charge account agreement may collect a delinquency charge on each installment in default for a period not less than 10
 12 days in an amount not in excess of ~~5% of each installment or \$15, whichever is less,~~ or, in lieu of the
 13 charge, interest after maturity on each installment not exceeding the highest lawful contract rate. In
 14 addition to a delinquency charge, the contract may provide for the payment of ~~attorneys'~~ attorney fees not
 15 exceeding 15% of the amount due and payable under the contract when the contract is referred for
 16 collection to an attorney not a salaried employee of the holder of the contract and for court costs and actual
 17 and reasonable out-of-pocket expenses incurred in connection with the delinquency."

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

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"**31-1-241. Finance charge limitation charges.** (1) Notwithstanding the provisions of any other law,
 22 the finance charge included in a retail installment contract ~~shall~~ must be at a rate agreed upon by the retail
 23 seller and the buyer.

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(2) Notwithstanding the provisions of any other law, the finance charge included in a retail charge
 25 account agreement ~~shall~~ must be at a rate agreed upon by the retail seller and the buyer.

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~~(a) Except as provided in subsection (2)(b), the~~ The finance charge ~~shall~~ must be computed from
 27 month to month, ~~(which need not be a calendar month),~~ or other regular billing cycle period by using ~~the~~
 28 ~~average daily balance of the account during the billing cycle without including in the computation the~~
 29 ~~amount of purchases charged to the account during that billing cycle.~~

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~~(b) Nothing in this section prevents a retail seller and a buyer from agreeing to the computation of~~

1 ~~the finance charge by using the ending balance of the account as of the last day of the billing cycle period~~
2 ~~less the amount of purchases charged to the account during that billing cycle, either:~~

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16 50 cents, a maximum finance charge not in excess of 50 cents may be charged and collected for ~~such~~ the
17 period."

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-END-



HOUSE COMMITTEE OF THE WHOLE AMENDMENT

Senate Bill 335
Representative Kottel

March 11, 1995 12:58 pm
Page 1 of 1

Mr. Chairman: I move to amend Senate Bill 335 (third reading copy -- blue).

Signed: *Alvin Kottel*
Representative Kottel

And, that such amendments to Senate Bill 335 read as follows:

1. Title, line 5.
Strike: "THE DELINQUENCY FEE AND"

2. Title, line 6.
Strike: "SECTIONS 31-1-235 AND"
Insert: "SECTION"

3. Page 1, lines 10 through 18.
Strike: Section 1 in its entirety
Renumber: subsequent section

-END-

ADOPT

44-39

REJECT

6B335

HOUSE
AC ___

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HOUSE STANDING COMMITTEE REPORT

March 15, 1995

Page 1 of 1

Mr. Speaker: We, the committee on **Business and Labor** report that **Senate Bill 335** (third reading copy -- blue) be concurred in as amended.

Signed: 
Bruce Simon, Chair

And, that such amendments read:

Carried by: Rep. Simon

AMEND HOUSE COMMITTEE OF THE WHOLE REPORT DATED MARCH 11, 1995,
AS FOLLOWS:

Strip amendments 1 through 3 in their entirety.

AND THAT SENATE BILL NO. 335, THIRD READING COPY, BE FURTHER
AMENDED AS FOLLOWS:

Page 2, line 5.

Following: "cycle."

Insert: "However, the buyer may pay the entire account balance at
any time without incurring an additional finance charge from
the date of the close of the last billing cycle."

-END-

SB 335

Committee Vote:
Yes 15, No 3.

HOUSE