

## **CHAPTER 51-14**

### **REVOLVING CHARGE ACCOUNTS**

**51-14-01. Definitions.** In this chapter, unless the context otherwise requires:

1. "Credit service charge" means the amount, however expressed, which the retail buyer contracts to pay or pays the retail seller in excess of the amount of credit extended, representing the total charges by the retail seller incident to investigating and extending credit under a revolving charge agreement and for extending to the retail buyer the privilege of paying over a period of time therefor.
2. "Retail buyer" or "buyer" means a person who buys personal property from a retail seller, or to whom a retail seller otherwise extends credit, pursuant to a revolving charge agreement.
3. "Retail seller" or "seller" means:
  - a. A person that pursuant to a revolving charge agreement, agrees to sell or sells goods or services, other than medical services. The term does not include a medical services provider.
  - b. A state-chartered or national bank that extends credit by the advancement of moneys or the payment for goods or services under a revolving charge agreement.
4. "Revolving charge agreement" means a written instrument, defining the terms of credit extended from time to time under the terms of the agreement. Under the agreement, the buyer's total unpaid balance, whenever incurred, is payable over a period of time and under the terms of which a credit service charge, other than the portion thereof consisting of late payment or other charges, is to be computed in relation to the buyer's unpaid balance from time to time.

**51-14-02. Contents of revolving charge agreements - Requirements for delivery of monthly statements - Exception.** Every revolving charge agreement must be in writing and must be accepted by the retail buyer. As used in this section, "accepted" means the buyer has signed the revolving charge agreement, the buyer has used the account issued under a revolving charge agreement, or within thirty days from the date of issuance the buyer has not canceled by written notice a credit card or other access device issued under a revolving charge agreement. A copy of the revolving charge agreement must be delivered or mailed to the retail buyer by the retail seller before the date on which the first payment is due under the agreement. A revolving charge agreement must state the amount and rate of the credit service charge to be charged and paid under the agreement. The credit service charge, exclusive of late payment or other fees included therein, must be set forth in the revolving charge agreement in terms of a monthly or annual percentage rate to be applied to the balance outstanding from time to time under the agreement, as of the beginning or end of each billing period or on a daily basis. Upon written notice, a seller may change the terms of any revolving charge agreement, including the credit service charge, if this right of amendment has been reserved. A change under this authority is effective as to existing balances, if within twenty-five days of the effective date of the change, the buyer does not furnish written notice to the seller that the buyer does not agree to abide by the changes. Upon receipt of this written notice by the seller, the buyer has the remainder of the time under the existing terms in which to pay all sums owed to the seller. Any request for additional credit under a revolving charge agreement, including use of a credit card issued under the agreement, after the effective date of the change of terms, including a change in the credit service charge, is deemed to be an acceptance of the new terms, even though the twenty-five days has not expired. The retail seller under a revolving charge agreement shall promptly supply the retail buyer under the agreement with a statement as of the end of each monthly period or other regular period agreed upon by the retail seller and the retail buyer, in which there is any unpaid balance thereunder. Such statement must recite the following:

1. The unpaid balance under the revolving charge agreement at the beginning or end of the period.
2. An identification of the goods or services purchased, the cash purchase price and the date of each purchase, unless otherwise furnished by the retail seller to the retail buyer by sales slip, memorandum, or otherwise.
3. The payments made by the retail buyer to the retail seller and any other credits to the retail buyer during the period.
4. The amount of the credit service charge, if any, and also the percentage annual simple interest equivalent of this amount.
5. A legend to the effect that the retail buyer may at any time pay the total indebtedness.

The items need not be stated in the sequence or order set forth in this section. Additional items may be included to explain the computations made in determining the amount to be paid by the retail buyer. If a revolving charge or credit account is also subject to the Truth in Lending Act [15 U.S.C. 1601-1667e], the seller may, instead of complying with this section, comply with all requirements of the Truth in Lending Act.

**51-14-03. Limitation of credit service charge.** In a revolving charge agreement, a seller may contract for and, if so contracted for, the seller or holder of the agreement may charge, receive, and collect the service charge authorized by this section. The service charge may not exceed the amount agreed to by the parties. In the event any payment by a buyer is insufficient to pay both the credit service charge and that portion of the outstanding indebtedness then due, the payments must first be applied to the credit service charge then due.

**51-14-03.1. Additional charges on revolving charge accounts.** The seller or holder of a revolving charge account may collect a late payment or other charge not to exceed the amount agreed to by the parties in the revolving charge account agreement.

**51-14-03.2. Application of other provisions.** Credit extended by a seller or holder of a revolving charge agreement to a buyer is not subject to chapter 13-04.1 or 47-14.

**51-14-04. Scope of chapter - Effective date.** The service charge allowed in section 51-14-03 shall be allowed to a seller or holder only:

1. If the seller enters into an agreement subject to the provisions of this chapter with any buyer on or after July 1, 1959; or
2. In the case of any buyer who had entered into an agreement with a seller prior to July 1, 1959, if the seller or holder delivers or mails to the buyer a copy of a retail installment credit agreement in conformity with this chapter duly executed on behalf of the seller and the seller or holder thereafter complies with all the other provisions of this chapter.

Nothing in this section contained may be construed to affect the validity or invalidity of any agreement or alleged agreement made prior to July 1, 1959.

**51-14-05. Penalty.** Any person who violates any provision of this chapter is guilty of a class A misdemeanor. Any revolving charge account or any act in the making or collection of any revolving charge account which violates the provisions of this chapter shall result in the forfeiture of all credit service charges that have been paid or that may become due or payable thereunder, and in the event that such violation is willful, the retail seller shall have no right to collect, receive, or retain any principal, credit service charge, interest, or other charge whatsoever.