

Revolving Charge Agreements
Chapter 45, Article 2
§§ 45-204 to 45-209

45-204

Terms, defined.

As used in sections 45-204 to 45-209, unless the context otherwise requires:

(1) Seller shall mean a person, firm, or corporation, except a bank, selling goods or furnishing services to a buyer under a revolving charge agreement, including the operator of a card system whereby a cardholder purchases goods or services from participating merchants or others;

(2) Buyer shall mean a person, firm, or corporation buying goods or services from a seller or using a card system for the purchase of goods or services from participating merchants or others under a revolving charge agreement;

(3) Time-price differential, however denominated or expressed, shall mean the amount or rate which is paid or payable for the privilege of purchasing goods or services to be paid for by the buyer in installments over a period of time; and

(4) Revolving charge agreement shall mean an agreement prescribing the terms of installment sales to be made from time to time pursuant thereto wherein the buyer's total unpaid balance is payable in installments over a period of time, and under the terms of which a time-price differential as provided in section 45-207 is to be computed in relation to the buyer's unpaid balance from time to time.

Last amended:

~ Reissue 2021

45-205

Agreements; requirements; fees and delinquency charges authorized.

Every revolving charge agreement shall be in writing and shall be signed by the buyer. Such requirements may be met when disclosure of the revolving charge credit terms has been made to the buyer in conformity with the requirements of the federal Consumer Credit Protection Act before the first extension of credit to the buyer under the revolving charge agreement, and the buyer has signed an application for the revolving charge credit or the buyer signs a sales slip in connection with such extension of credit if the application has been solicited by telephone with disclosure of the periodic rate of the time-price differential by the seller at the time of the telephone solicitation. A copy of any such agreement shall be delivered or mailed to the buyer by the seller prior to the date on which the first payment is due thereunder. All agreements executed on or after such date shall state the amount or rate of the time-price differential to be charged and paid pursuant thereto. If a seller proffers

a revolving charge agreement as part of a transaction which delays or cancels, or promises to delay or cancel, the payment of the time-price differential on the revolving charge agreement, if the buyer pays the basic time price, cash price, or cash sale price within a certain period of time, the seller shall, in clear and conspicuous writing, either within the revolving charge agreement or in a separate document or, in lieu thereof, within a statement sent by the seller to the buyer no later than thirty-five days after the buyer's purchase of goods or services, or in the case of special order goods which are not available for immediate delivery no later than thirty-five days after the buyer's receipt of goods, inform the buyer of the exact date by which the buyer must pay the basic time price, cash price, or cash sale price in order to delay or cancel the payment of the time-price differential. The seller or any subsequent purchaser of the revolving charge agreement shall not be allowed to change such date. In addition to the sale price of the goods or services and the time-price differential provided for in sections 45-204 to 45-208, no further or other amount whatsoever shall be directly or indirectly charged, contracted for, or received, except that a seller may (1) contract for and receive fees for participation in a card system which offers services other than revolving charges and (2) impose delinquency charges on each payment in default for a period of not less than ten days not to exceed five percent of the amount due or five dollars, whichever is greater. A delinquency charge under this section may be collected only once on each payment due, however long it remains in default. A delinquency charge may be collected at the time it accrues or at any time afterward.

Last amended:

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45-206

Monthly statement by seller; contents; payment in full; requirements.

(1) The seller under a revolving charge agreement shall promptly supply the buyer under such agreement with a statement as of the end of each monthly period, which need not be a calendar month, or other regular period agreed upon by the seller and the buyer, in which there is any unpaid balance thereunder, which shall recite the following: (a) The unpaid balance under the revolving charge agreement at the beginning and end of the period; (b) unless otherwise furnished by the seller to the buyer by sales slip, memorandum, or otherwise, a description or identification of the goods or services purchased, the cash price, and the date of each purchase; (c) the payments made by the buyer to the seller and any other credits to the buyer during the period; (d) the amount of the time-price differential, if any; and (e) a legend to the effect that the buyer may at any time pay the total balance or any portion thereof. The items need not be stated in the sequence or order set forth in this subsection and additional items may be included to explain the computations made in determining the amount to be paid by the buyer. Compliance with the applicable disclosure requirements of the federal regulations which implement the federal Consumer Credit Protection Act shall be deemed compliance with this section.

(2) If the amount owed under a revolving charge agreement has been paid in full and has been inactive for at least twenty-four months, the seller shall mark the revolving charge agreement as closed or paid in full. The seller shall give written notice to the buyer of the

closed or paid-in-full status of the revolving charge agreement within forty-five days after the seller has so marked the revolving charge agreement.

Last amended:
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45-207
Time-price differential; rate; maximum.

Notwithstanding the provisions of any other law, the seller or assignee under a revolving charge agreement may charge, receive, and collect a time-price differential which shall not exceed the following rate: One and three-quarters percent per month on amounts less than five hundred dollars, and one and one-half percent per month on amounts of five hundred dollars or more. The rate shall be computed on the unpaid balance under the agreement from month to month, which need not be a calendar month, or other period as agreed, except that no time-price differential shall be assessed on an account if payment of the outstanding balance is received prior to the beginning of the next billing cycle under the agreement.

Last amended:
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45-208
Violations; penalty.

Any person who willfully and knowingly violates any provisions of section 45-207 shall be guilty of a Class II misdemeanor. In addition the seller shall forfeit all time-price differential paid and cancel the outstanding indebtedness.

Last amended:
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45-209
Prohibited acts.

No person shall purchase securities, deposit funds, or make investments under a revolving charge agreement.

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