

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1346

Introduced by

Representatives Vigesaa, M. Nelson, Trottier

Senators Burckhard, Klein, O'Connell

1 A BILL for an Act to amend and reenact subsection 2 of section 51-13-02 and section 51-13-07
2 of the North Dakota Century Code, relating to retail installment sales contracts; and to provide a
3 penalty.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Subsection 2 of section 51-13-02 of the North Dakota Century
6 Code is amended and reenacted as follows:

7 2. a. If the retail installment sale for which the retail installment contract is made is
8 not subject to the Truth in Lending Act [15 U.S.C. 1601-1667ef], or if the retail
9 installment sale is subject to that Act and the seller does not comply with all the
10 requirements of that Act, this subsection applies.

11 a. The printed portion of the contract must be in at least eight-point type. The
12 contract must contain printed or written in a size equal to at least ten-point bold
13 type:

14 (1) Either at the top of the contract or directly above the space reserved for the
15 signature of the buyer, the words "RETAIL INSTALLMENT CONTRACT".

16 (2) A specific statement that liability insurance coverage for bodily injury and
17 property damage caused to others is not included, if that is the case.

18 (3) The following notice: "NOTICE TO THE BUYER: 1. Do not sign this contract
19 before you read it or if it contains any blank space. 2. You are entitled to a
20 completely filled-in copy of this contract when you sign it. 3. Under the law,
21 you have the following rights, among others: (a) to pay off in advance the
22 full amount due and to obtain a partial refund of the finance charge; (b) to
23 redeem the property if repossessed for a default within the time provided by
24 law; (c) to require, under certain conditions, a resale of the property if

1 repossessed. 4. If you desire to pay off in advance the full amount due, the
2 amount of the refund you are entitled to, if any, will be furnished upon
3 request."

4 b. The seller shall deliver to the buyer a legible copy of the contract or any other
5 document the seller has required or requested the buyer to sign. Until the seller
6 does so, a buyer who has not received delivery of the personal property has an
7 unconditional right to cancel the contract and to receive immediate refund of all
8 payments made and redelivery of all goods traded in to the seller on account of
9 or in contemplation of the contract. Any acknowledgment by the buyer of delivery
10 of a copy of the contract must be printed or written in a size equal to at least
11 ten-point bold type and, if contained in the contract, must also appear directly
12 above the space reserved for the buyer's signature. The buyer's written
13 acknowledgment of delivery of a copy of a contract is conclusive proof of such
14 delivery and of compliance with this subdivision in any action or proceeding by or
15 against an assignee of the contract without knowledge to the contrary when the
16 assignee purchases the contract.

17 c. The contract must contain:

- 18 (1) The names of the seller and the buyer, the place of business of the seller,
19 the residence or place of business of the buyer as specified by the buyer
20 and a description of the personal property including its make, year model,
21 model and identification numbers or marks, if any, and whether it is new or
22 used.
- 23 (2) The cash price of the personal property which is the subject matter of the
24 retail installment sale.
- 25 (3) The amount of the buyer's downpayment, itemizing the amounts paid in
26 money and in goods and containing a brief description of the goods, if any,
27 traded in.
- 28 (4) The difference between paragraphs 2 and 3, which is the unpaid balance of
29 cash price.
- 30 (5) The amount, if any, included for insurance, specifying the coverages.
- 31 (6) The amount, if any, of official fees.

- 1 (7) The amount financed, which is the sum of paragraphs 4, 5, and 6.
- 2 (8) The amount of the finance charge, if any.
- 3 (9) The total of payments, which is the sum of paragraphs 7 and 8, payable by
4 the buyer to the seller, the number of installments required, the amount of
5 each installment expressed in dollars, and the due date or period thereof.
- 6 (10) The deferred payment price, which is the sum of the amounts determined in
7 paragraphs 2, 5, 6, and 8.
- 8 (11) If any installment substantially exceeds in amount any prior installment other
9 than the downpayment, the following legend printed in at least ten-point
10 bold type or typewritten: "THIS CONTRACT IS NOT PAYABLE IN
11 INSTALLMENTS OF EQUAL AMOUNTS", followed, if there be but one
12 larger installment, by: "AN INSTALLMENT OF \$_____ WILL BE DUE ON
13 _____", or, if there be more than one larger installment, by: "LARGER
14 INSTALLMENTS WILL BE DUE AS FOLLOWS: _____", in such latter case
15 inserting the amount of every larger installment and its due date.
- 16 (12) Any balloon payments. If any payment under a contract is more than twice
17 the amount of an otherwise regularly scheduled equal payment, the seller
18 shall identify the amount of such payment by the term "balloon payment".
- 19 The items need not be stated in the sequence or order set forth above; additional
20 items may be included to explain the calculations involved in determining the
21 amount to be paid by the buyer.
- 22 d. If the cost of any insurance is included in the contract and a separate charge is
23 made to the buyer for the insurance:
- 24 (1) The contract must state whether the insurance is to be procured by the
25 buyer or the seller.
- 26 (2) If the insurance is to be procured by the seller or holder, the seller or holder
27 shall within thirty days after execution of the retail installment contract send
28 or cause to be sent to the buyer a policy or policies or certificate of
29 insurance, written by an insurance company authorized to do business in
30 this state and sold by a licensed insurance agent.

1 If any such policy or certificate is canceled, the unearned insurance premium
2 refund received by the holder of the contract must be credited to the final
3 maturing installments of the retail installment contract except to the extent
4 applied toward payment for similar insurance protecting the interests of the buyer
5 and holder of the contract or either of them.

6 e. A contract may provide for the payment by the buyer of a delinquency and
7 collection charge on each installment in default for a period of more than ten days
8 in an amount equal to ten percent of the delinquent installment payment or ten
9 dollars, whichever is less; provided, that only one such delinquency and
10 collection charge may be collected on each installment in addition to interest
11 accruing thereon.

12 f. No retail installment contract may be signed by any party thereto when it contains
13 blank spaces to be filled in after it has been signed except that, if delivery of the
14 personal property is not made at the time of the execution of the contract, the
15 identifying numbers or marks of the property or similar information and the due
16 date of the first installment may be inserted in the contract after its execution.

17 **SECTION 2. AMENDMENT.** Section 51-13-07 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **51-13-07. Enforcement - Powers - Remedies - Penalties.**

20 Any person who willfully violates this chapter is guilty of a class A misdemeanor. A willful
21 violation of section 51-13-02 or 51-13-03 by any person bars that person's recovery of any
22 finance charge or delinquency or collection charge on the retail installment contract involved. A
23 state's attorney or the attorney general may enforce this chapter. The attorney general in
24 enforcing this chapter has all the powers provided in this chapter and chapter 51-15 and may
25 seek all remedies in this chapter and chapter 51-15. A violation of this chapter constitutes a
26 violation of chapter 51-15. The remedies, duties, prohibitions, and penalties of this chapter are
27 not exclusive and are in addition to all other causes of action, remedies, and penalties in
28 chapter 51-15, or otherwise provided by law.