

## LEGISLATIVE BILL 736

Approved by the Governor March 27, 1984

Introduced by DeCamp, 40

AN ACT relating to revolving charge agreements; to amend sections 45-204, 45-205, and 45-206, Reissue Revised Statutes of Nebraska, 1943, and section 45-207, Revised Statutes Supplement, 1982; to redefine terms; to change provisions relating to agreement requirements; to prohibit certain uses of revolving charge agreements; to change a provision relating to the seller's monthly statement; to change provisions relating to rates; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 45-204, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

45-204. As used in sections 45-204 to 45-208 and section 2 of this act, 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 means 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.

Sec. 2. No person shall purchase securities, deposit funds, or make investments under a revolving charge agreement.

Sec. 3. That section 45-205, Reissue Revised

Statutes of Nebraska, 1943, be amended to read as follows:

45-205. 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 executed on or after May 24, 1965, 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. 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 contract for and receive fees for participation in a card system which offers services other than revolving charges.

Sec. 4. That section 45-206, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

45-206. 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: (1) The unpaid balance under the revolving charge agreement at the beginning and end of the period; (2) 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; (3) the payments made by the buyer to the seller and any other credits to the buyer during the period; (4) the amount of the time price differential, if any; and (5) a legend to the effect that the buyer may at any time pay his the total balance or any portion thereof. The items need not be stated in the sequence or order set forth above, 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.

Sec. 5. That section 45-207, Revised Statutes Supplement, 1982, be amended to read as follows:

45-207. 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 per cent per month on amounts less than five hundred dollars, and one and one half per cent 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. Such time price differential shall be computed on not more than the unpaid balance at the beginning of the period for which the statement is rendered.

Sec. 6. That original sections 45-204, 45-205, and 45-206, Reissue Revised Statutes of Nebraska, 1943, and section 45-207, Revised Statutes Supplement, 1982, are repealed.