

By: Guice

To: Banks and Banking

HOUSE BILL NO. 677

1 AN ACT TO AMEND SECTION 75-17-19, MISSISSIPPI CODE OF 1972,
2 TO AUTHORIZE MISSISSIPPI BANKS, RETAIL SELLERS, LENDERS AND OTHER
3 ISSUERS OF CREDIT CARDS TO PROVIDE IN THE WRITTEN CREDIT CARD
4 AGREEMENT FOR ANY PRODUCTS, SERVICES, CHARGES AND FEES AS THE
5 ISSUER AND THE DEBTOR MAY AGREE UPON; TO REQUIRE CREDIT CARD
6 ISSUERS TO PROVIDE 30 DAYS' NOTICE TO DEBTORS OF ANY MODIFICATION
7 OF ANY TERM OF THE CREDIT CARD ACCOUNT; TO DELETE THE MAXIMUM
8 AMOUNT FOR LATE PAYMENT CHARGES THAT MAY BE CHARGED ON DELINQUENT
9 PAYMENTS; AND FOR RELATED PURPOSES.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

11 SECTION 1. Section 75-17-19, Mississippi Code of 1972, is
12 amended as follows:[RF1]

13 75-17-19. (1) Notwithstanding any provision of law to the
14 contrary, any retail seller and any lender or issuer of credit
15 cards may contract for and receive a finance charge for credit
16 sales of goods, services or merchandise certificates or for cash
17 advanced or other credit extended pursuant to a revolving charge
18 agreement by applying a periodic rate no greater than one and
19 three-fourths percent (1-3/4%) per month to:

20 (a) The average daily balance of the account, exclusive
21 of finance charge, in each billing period;

22 (b) An amount that shall not exceed the balance of the
23 account, exclusive of finance charge, on the first day of each
24 billing period without adding purchases or miscellaneous debits to
25 the account during the billing period; or

26 (c) Any balance of the account during each billing
27 period which does not produce an amount of finance charge in
28 excess of that permitted by (a) or (b).

29 (2) Notwithstanding the foregoing and any other provision of

30 law to the contrary, any bank which is an issuer of credit cards
31 may contract for and receive, in addition to any finance charges
32 authorized by law, an annual fee for membership in a credit card
33 plan pursuant to a revolving charge agreement and such fee shall
34 not be considered a finance charge. Such fee shall not exceed
35 Twelve Dollars (\$12.00) per year for an account where the
36 cardholder is a natural person. However, any credit card issuer
37 which does so contract for an annual membership fee may,
38 notwithstanding the provisions of subsection (1) of this section,
39 contract for and receive a finance charge for credit sales of
40 goods, services or merchandise certificates or for cash advanced
41 or other credit extended pursuant to a revolving charge agreement
42 by applying a periodic rate no greater than one and one-half
43 percent (1-1/2%) per month to:

44 (a) The average daily balance of the account, exclusive
45 of finance charge, in each billing period;

46 (b) An amount that shall not exceed the balance of the
47 account, exclusive of finance charge, on the first day of each
48 billing period without adding purchases or miscellaneous debits to
49 the account during the billing period; or

50 (c) Any balance of the account during each billing
51 period which does not produce an amount of finance charge in
52 excess of that permitted by (a) or (b).

53 (3) Notwithstanding the foregoing and any other provision of
54 law to the contrary, any bank, retail seller, lender or other
55 issuer of credit cards may contract for and receive, in addition
56 to any finance charges authorized by law, late payment charges in
57 connection with the credit sales of goods, services or merchandise
58 certificates or for cash advanced pursuant to a revolving charge
59 agreement in such amounts and upon such terms and conditions as
60 may be agreed to in writing by the bank, retail seller, lender or
61 other issuer of credit cards and the borrower or debtor, * * * and
62 such charges and fees shall not be considered a finance charge.

63 (4) No finance charge may be charged or collected for
64 purchases made by the use of credit cards or credit sales of goods
65 or services or merchandise certificates if the outstanding balance
66 of the account existing on the first day of the billing statement
67 where such purchases initially appear is paid in full within one
68 (1) month after such billing statement date. If a finance charge
69 is otherwise due and the amount of the finance charge so computed
70 shall be less than Fifty Cents (50¢) for any such month, a finance
71 charge of Fifty Cents (50¢) for any such month may be charged,
72 received and collected. Any payment made pursuant to a revolving
73 charge agreement shall be applied first to any finance charge
74 shown to be due on the billing statement, next to repayment of
75 cash advanced or other credit extended, and finally to the
76 chronological repayment of purchases of goods, services or
77 merchandise certificates. The billing statement shall not state
78 that Mississippi law requires the imposition of a finance charge.
79 The term "month" as used in this subsection and in subsections (1)
80 and (2) of this section means either (a) a calendar month or (b) a
81 minimum of thirty (30) consecutive calendar days, or (c) the
82 number of days elapsing between the same numerical calendar day of
83 successive calendar months, or (d) a number of days which does not
84 vary by more than four (4) days from such period nor result in
85 more than twelve (12) billing periods per year. "Revolving charge
86 agreement" means an agreement by the terms of which retail sellers
87 may sell goods, services, merchandise certificates, or by which a
88 lender or issuer finances the purchase of goods or services or by
89 which a lender makes cash advances, by the use of credit cards or
90 otherwise, pursuant to which the amount financed is payable either
91 within a stated period or in installments over a period of time,
92 and the terms of which may provide for finance charges to be
93 assessed on the unpaid balance as it exists from time to time; the
94 term "revolving charge agreement" does not include the lending of
95 money evidenced by a promissory note. The term "cash advances"

96 includes credit extended by a lender to a borrower, or to any
97 other person for the account of a borrower, pursuant to a written
98 agreement, by the use of checks, drafts or other similar
99 instruments.

100 (5) Notwithstanding the foregoing and any other provision of
101 law to the contrary, any retail seller may contract for and
102 receive a finance charge for closed end credit sales of goods,
103 tangible property or services, other than pursuant to a revolving
104 charge agreement, which will result in a yield not to exceed the
105 following annual percentage rates calculated according to the
106 actuarial method:

107 (a) Twenty-four percent (24%) per annum on that part of
108 the unpaid balance of the amount financed which is Two Thousand
109 Five Hundred Dollars (\$2,500.00) or less; and

110 (b) Twenty-one percent (21%) per annum on that part of
111 the unpaid balance of the amount financed which is more than Two
112 Thousand Five Hundred Dollars (\$2,500.00).

113 (6) Notwithstanding the foregoing and any other provisions
114 of law to the contrary, any bank, retail seller, lender, or other
115 issuer of credit cards may provide in the written credit card
116 agreement for such products, services, charges and fees as the
117 bank, retail seller, lender or other issuer of credit cards and
118 the debtor may agree upon (excluding, however, the finance
119 charges, annual fees, and late payment charges provided for in
120 subsection (1) and (2) of this section), and such other terms and
121 conditions as the bank, retail seller, lender or other issuer of
122 credit cards and the debtor may agree upon from time to time, and
123 the costs associated with those products, services, charges and
124 fees shall not be considered a finance charge. If any bank,
125 retail seller, lender or other issuer of credit cards desires to
126 modify in any respect any term of the credit card account, it
127 shall first provide at least thirty (30) days' prior written
128 notice of the modification to the debtor. In providing that

129 notice, the bank, retail seller, lender or other issuer of credit
130 cards shall advise the debtor in writing that the debtor has the
131 option (i) to surrender the credit card, in which case the debtor
132 shall have the right to continue to pay off the credit card
133 account in the same manner and under the same terms and conditions
134 as then in effect; or (ii) to hold the credit card after the
135 thirty-day period has elapsed, or to use the credit card during
136 that period, either of which shall constitute the debtor's consent
137 to the modification.

138 SECTION 2. This act shall take effect and be in force from
139 and after July 1, 2000.