

By: Guice

To: Banks and Banking

HOUSE BILL NO. 677
(As Passed the House)

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; TO PROVIDE THAT A PERSON MUST HAVE SIGNED AN AGREEMENT
10 TO BE RESPONSIBLE FOR PAYING ANY CHARGES THAT ARE MADE TO A CREDIT
11 CARD ACCOUNT BEFORE THAT PERSON CAN BE HELD LIABLE TO PAY ANY
12 CHARGES THAT ARE MADE TO THE CREDIT CARD ACCOUNT; AND FOR RELATED
13 PURPOSES.

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

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

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

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

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

30 (c) Any balance of the account during each billing
31 period which does not produce an amount of finance charge in

32 excess of that permitted by (a) or (b).

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

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

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

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

57 (3) Notwithstanding the foregoing and any other provision of
58 law to the contrary, any bank, retail seller, lender or other
59 issuer of credit cards may contract for and receive, in addition
60 to any finance charges authorized by law, late payment charges in
61 connection with the credit sales of goods, services or merchandise
62 certificates or for cash advanced pursuant to a revolving charge
63 agreement in such amounts and upon such terms and conditions as
64 may be agreed to in writing by the bank, retail seller, lender or

65 other issuer of credit cards and the borrower or debtor, * * * and
66 such charges and fees shall not be considered a finance charge.

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

98 term "revolving charge agreement" does not include the lending of
99 money evidenced by a promissory note. The term "cash advances"
100 includes credit extended by a lender to a borrower, or to any
101 other person for the account of a borrower, pursuant to a written
102 agreement, by the use of checks, drafts or other similar
103 instruments.

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

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

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

117 (6) Notwithstanding the foregoing and any other provisions
118 of law to the contrary, any bank, retail seller, except for
119 entities which sell items of personal property and have no fixed
120 place of business in this state or do not sell items by catalog,
121 lender, or other issuer of credit cards may provide in the written
122 credit card agreement for such products, services, charges and
123 fees as the bank, retail seller, lender or other issuer of credit
124 cards and the debtor may agree upon (excluding, however, the
125 finance charges, annual fees, and late payment charges provided
126 for in subsection (1) and (2) of this section), and such other
127 terms and conditions as the bank, retail seller, lender or other
128 issuer of credit cards and the debtor may agree upon from time to
129 time, and the costs associated with those products, services,
130 charges and fees shall not be considered a finance charge. If any

131 bank, retail seller, lender or other issuer of credit cards
132 desires to modify in any respect any term of the credit card
133 account, it shall first provide at least thirty (30) days' prior
134 written notice of the modification to the debtor. In providing
135 that notice, the bank, retail seller, lender or other issuer of
136 credit cards shall advise the debtor in writing that the debtor
137 has the option (i) to surrender the credit card, in which case the
138 debtor shall have the right to continue to pay off the credit card
139 account in the same manner and under the same terms and conditions
140 as then in effect; or (ii) to hold the credit card after the
141 thirty-day period has elapsed, or to use the credit card during
142 that period, either of which shall constitute the debtor's consent
143 to the modification.

144 (7) (a) A person must have signed an agreement to be
145 responsible for paying any charges that are made to a credit card
146 account before that person can be held liable to pay any charges
147 that are made to the credit card account. If a person applies for
148 a credit card in the name of his or her spouse and the spouse does
149 not sign an agreement to be responsible for paying any charges
150 that are made to the credit card account, then the spouse shall
151 not be held liable to pay any charges that are made to the credit
152 card account by the applicant for the credit card or by any other
153 person.

154 (b) Any person in the immediate family of a credit card
155 holder who is an authorized user of the credit card account does
156 not need to sign an agreement to be responsible for paying any
157 charges that are made to the credit card account, if the credit
158 card holder has signed an agreement that he or she will be
159 responsible for paying any charges that are made to the credit
160 card account by the authorized user.

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