

By: Guice

To: Banks and Banking

HOUSE BILL NO. 677  
(As Sent to Governor)

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

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

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