

Senate Bill No. 2050

CHAPTER 301

An act to amend Sections 1803.6 and 1810.12 of the Civil Code, relating to credit.

[Approved by Governor July 25, 1996. Filed with
Secretary of State July 25, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

SB 2050, Calderon. Retail installment accounts: default.

Existing law provides that a seller or holder of a retail installment account or a retail installment contract may require a buyer to pay a delinquency charge for each installment that is in default for 10 days or more in an amount not to exceed \$10.

This bill would revise these provisions to authorize a seller or holder of a retail installment account or a retail installment contract to impose a delinquency charge not in excess of \$15 when the period of default is not less than 15 days, or to charge the fee described above, as specified. The bill would require the seller or holder of a retail installment account to provide a minimum of 20 days between the monthly billing date and the date upon which the minimum payment is due, exclusive of the applicable grace period described above.

The people of the State of California do enact as follows:

SECTION 1. Section 1803.6 of the Civil Code is amended to read:

1803.6. (a) A contract may provide that for each installment in default the buyer shall pay a delinquency charge not in excess of one of the following amounts:

(1) For a period in default of not less than 10 days, an amount not in excess of ten dollars (\$10).

(2) For a period in default of not less than 15 days, an amount not in excess of fifteen dollars (\$15).

(b) Only one delinquency charge may be collected on any installment regardless of the period during which it remains in default. Payments timely received by the seller under a written extension or deferral agreement shall not be subject to any delinquency charge. The contract may also provide for payment of any actual and reasonable costs of collection occasioned by removal of the goods from the state without written permission of the holder, or by the failure of the buyer to notify the holder of any change of residence, or by the failure of the buyer to communicate with the holder for a period of 45 days after any default in making payments due under the contract.



SEC. 2. Section 1810.12 of the Civil Code is amended to read:

1810.12. (a) Notwithstanding Section 1810.4, a seller or holder of a retail installment account may, subject to subdivision (d) of Section 1810.3, provide that for each installment in default the buyer shall pay a delinquency charge not in excess of one of the following amounts:

(1) For a period in default of not less than 10 days, an amount not in excess of ten dollars (\$10).

(2) For a period in default of not less than 15 days, an amount not in excess of fifteen dollars (\$15).

(b) Only one delinquency charge may be collected on any installment regardless of the period during which it remains in default. No delinquency charge shall be imposed for any default of payment on any payment due prior to the mailing or delivery to the buyer of the written disclosure concerning the delinquency charge provided by the seller or holder of a retail installment account pursuant to subdivision (d) of Section 1810.3. Payments timely received by the seller under a written extension or deferral agreement shall not be subject to any delinquency charge. The agreement may also provide for payment of any actual and reasonable costs of collection occasioned by removal of the goods from the state without written permission of the holder, or by the failure of the buyer to notify the holder of any change of residence, or by the failure of the buyer to communicate with the holder for a period of 45 days after any default in making payments due under the agreement.

(c) Notwithstanding subdivision (b) of Section 1810.3, the seller or holder of a retail installment account shall provide a minimum of 20 days between the monthly billing date and the date upon which the minimum payment is due, exclusive of the applicable grace period provided in subdivision (a).

