

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 758
Committee Substitute Favorable 4/19/95

Short Title: Interest Rate Adjustments.

(Public)

Sponsors:

Referred to:

April 5, 1995

1 A BILL TO BE ENTITLED
2 AN ACT TO ADJUST CHARGES BY LENDERS.

3 The General Assembly of North Carolina enacts:

4 Section 1. G.S. 53-176 reads as rewritten:

5 "**§ 53-176. Optional rates, maturities and amounts.**

6 In lieu of making loans in the amount and at the charges stated in G.S. 53-173 and for
7 the terms stated in G.S. 53-180, a licensee may at any time elect to make loans in
8 installments not exceeding ten thousand dollars (\$10,000) and which shall not be
9 repayable in less than six months or more than 84 months and which shall not be secured
10 by deeds of trust or mortgages on real estate and which are repayable in substantially
11 equal consecutive monthly payments and to charge and collect interest in connection
12 therewith which shall not exceed the following actuarial rates:

13 (1) With respect to a loan not exceeding seven thousand five hundred
14 dollars (\$7,500), thirty percent (30%) per annum on that part of the
15 unpaid principal balance not exceeding one thousand dollars (\$1,000)
16 and eighteen percent (18%) per annum on the remainder of the unpaid
17 principal balance. Interest shall be contracted for and collected at the
18 single simple interest rate applied to the outstanding balance that would

1 earn the same amount of interest as the above rates for payment
2 according to schedule.

- 3 (2) With respect to a loan exceeding seven thousand five hundred dollars
4 (\$7,500), eighteen percent (18%) per annum on the outstanding
5 principal balance.

6 In addition to the interest permitted in this section, a licensee may assess at closing a
7 reasonable credit investigation charge as agreed upon by the parties, not to exceed the
8 actual cost of the credit investigation; provided that such charges may not be assessed
9 more than twice in any 12-month period. The Commissioner of Banks may review
10 charges assessed pursuant to this section and may adopt appropriate rules in accordance
11 with G.S. 53-185.

12 The provisions of G.S. 53-173(b), (c) and (d) and G.S. 53-180(b), (c), (d), (e), (f), (g),
13 (h) and (i) shall apply to loans made pursuant to this section.

14 Any licensee under this Article shall have the right to elect to make loans in
15 accordance with this section by the filing of a written statement to that effect with the
16 Commissioner and on date of such notification begin making loans regulated by this
17 section for the following 12 months. Annually after such election a licensee may elect to
18 make loans in accordance with this section unless the licensee notifies in writing the
19 Commissioner of its intention to terminate such election.

20 The due date of the first monthly payment shall not be more than 45 days following
21 the disbursement of funds under any such installment loan. A borrower under this section
22 may prepay all or any part of a loan made under this section without penalty.

23 No individual, partnership, or corporate licensee and no corporation which is the
24 parent, subsidiary or affiliate of a corporate licensee ~~which that~~ is making loans under this
25 Article ~~otherwise than except~~ as authorized ~~specially~~ in this section, shall be permitted to
26 make loans under the provisions of this section. Any corporate licensee or individual or
27 partnership licensee ~~making an election that elects~~ to make loans in accordance with the
28 provisions of this section shall ~~respectively~~ be bound by ~~such that~~ election with respect to
29 all of its offices and locations in this State and all offices and locations in this State of its
30 parent, subsidiary or affiliated corporate licensee, or with respect to all of his or their
31 offices and locations in this State."

32 Sec. 2. This act is effective upon ratification.