

GENERAL ASSEMBLY OF NORTH CAROLINA
1995 SESSION

CHAPTER 155
HOUSE BILL 758

AN ACT TO ADJUST CHARGES BY LENDERS.

The General Assembly of North Carolina enacts:

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

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

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

- (1) With respect to a loan not exceeding seven thousand five hundred dollars (\$7,500), thirty percent (30%) per annum on that part of the unpaid principal balance not exceeding one thousand dollars (\$1,000) and eighteen percent (18%) per annum on the remainder of the unpaid principal balance. Interest shall be contracted for and collected at the single simple interest rate applied to the outstanding balance that would earn the same amount of interest as the above rates for payment according to schedule.
- (2) With respect to a loan exceeding seven thousand five hundred dollars (\$7,500), eighteen percent (18%) per annum on the outstanding principal balance.

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

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

Any licensee under this Article shall have the right to elect to make loans in accordance with this section by the filing of a written statement to that effect with the Commissioner and on date of such notification begin making loans regulated by this section for the following 12 months. Annually after such election a licensee may elect to

make loans in accordance with this section unless the licensee notifies in writing the Commissioner of its intention to terminate such election.

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

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

Sec. 2. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 1st day of June, 1995.

Dennis A. Wicker
President of the Senate

Harold J. Brubaker
Speaker of the House of Representatives