

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

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HOUSE BILL 1172

Short Title: Revise Law Governing Delayed Deposit Checks.

(Public)

Sponsors: Representative Miller.

Referred to: Financial Institutions.

April 12, 2001

A BILL TO BE ENTITLED

AN ACT TO REMOVE THE SUNSET FROM THE PROVISIONS OF THE LAW  
GOVERNING DELAYED DEPOSIT CHECKS AND TO PROVIDE  
ADDITIONAL CONSUMER PROTECTIONS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 53-281 reads as rewritten:

**"§ 53-281. (~~Expires July 31, 2001~~) ~~Postdated or delayed deposit checks.~~ Deferred deposit loans.**

(a) A licensee may ~~defer~~ make a deferred deposit loan by deferring the deposit of a personal check cashed for a customer for ~~up to 31 days pursuant to the provisions of this section.~~ a period of time no less than 30 days pursuant to the provisions of this section. Licensees shall not make more than one deferred deposit loan per customer within a 60-day period of time.

(b) ~~The face amount of any postdated or delayed deposit check cashed amount of~~ credit extended pursuant to this section shall not exceed three hundred dollars (\$300.00).

(c) Each ~~postdated or delayed deposit check cashed by a licensee deferred~~ deposit loan transaction shall be documented by a written agreement that has been signed by the customer and the licensee. The written agreement shall contain a statement of the total amount of any fees charged, expressed both as a dollar amount and as an effective annual percentage rate (APR). The written agreement shall authorize the licensee to defer deposit of the personal check until a specific ~~date not later than 31 days from the date the check is cashed.~~ date consistent with this section.

(d) ~~A licensee shall not directly or indirectly charge any fee or other consideration for cashing a postdated or delayed deposit check in excess of fifteen per cent (15%) of the face amount of the check.~~ Licensees may contract for, compute, and receive charges at rates not exceeding thirty-six percent (36%) per annum for making a deferred deposit loan pursuant to this section. Licensees shall not charge any fees for

1 cashing a postdated or delayed deposit check in addition to the charges authorized in  
2 this subsection.

3 (e) No check cashed under the provisions of this section shall be repaid by the  
4 proceeds of another check cashed by the same licensee or any affiliate of the licensee. A  
5 licensee shall not, for any consideration, renew or otherwise extend any ~~postdated or~~  
6 ~~delayed check~~ deferred deposit loan or withhold ~~such a~~ check from deposit for any  
7 period beyond the time set forth in the written agreement with the customer.

8 (f) When a deferred deposit loan is paid in full by the borrower, the licensee  
9 shall report that the loan has been paid in full to a credit reporting bureau, as that term is  
10 defined in the federal Fair Credit Reporting Act."

11 **SECTION 2.** Section 3 of S.L. 1997-391 reads as rewritten:

12 "Section 3. This act becomes effective ~~October 1, 1997, and the provisions of~~  
13 ~~G.S. 53-281 shall expire on July 31, 2001.~~October 1, 1997."

14 **SECTION 3.** This act becomes effective October 1, 2001, and applies to  
15 transactions made on or after that date.