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SENATE BILL 572

Short Title:	Consumer Credit/Revolving Credit Charges. (Public)
Sponsors:	Senator Gunn (Primary Sponsor).
Referred to:	Rules and Operations of the Senate

April 3, 2017

1   A BILL TO BE ENTITLED
2   AN ACT TO MODERNIZE NORTH CAROLINA'S REVOLVING CREDIT CHARGES
3   AND CONSUMER CREDIT INSTALLMENT SALE CONTRACT DEFAULT CHARGE
4   IN ORDER TO LEVEL THE PLAYING FIELD WITH OUT-OF-STATE BUSINESSES.
5   The General Assembly of North Carolina enacts:
6   **SECTION 1.** G.S. 24-11 reads as rewritten:
7   "**§ 24-11. Certain revolving credit charges.**
8   (a)   On the extension of credit under an open-end credit or similar plan (including
9   revolving credit card ~~plans,~~ plans and revolving charge accounts, but excluding any loan made
10   directly by a lender under a check loan, check ~~credit~~ credit, or other ~~such~~ similar plan) under
11   which no service charge shall be imposed upon the consumer or debtor if the account is paid in
12   full within 25 days from the billing date, but upon which there may be imposed an annual
13   charge not to exceed twenty-four dollars ($24.00), there may be charged and collected interest,
14   finance ~~charges~~ charges, or other fees at a rate in the aggregate not to exceed ~~one and one-half~~
15   ~~percent (11/2%)~~ one and five-sixths percent (1.833%) per month computed on the unpaid
16   portion of the balance of the previous month less payments or credit within the billing cycle or
17   the average daily balance outstanding during the current billing period.
18   …
19   (b)   On revolving credit loans (including check loans, check ~~credit~~ credit, or other
20   revolving credit plans whereby a bank, banking ~~institution~~ institution, or other lending agency
21   makes direct loans to a borrower), if agreed to in writing by the borrower, ~~such~~ the lender may
22   collect interest and service charges by application of a monthly periodic rate computed on the
23   average daily balance outstanding during the billing ~~period, such rate not to~~ period. The rate
24   shall not exceed ~~one and one-half percent (11/2%).~~ one and five-sixths percent (1.833%).
25   …
26   (d1)   A lender may charge a party to a loan or extension of credit governed by this section
27   a late payment charge not to exceed five dollars ($5.00) on accounts having an outstanding
28   balance of less than one hundred dollars ($100.00) and ~~ten dollars ($10.00)~~ twenty-five dollars
29   ($25.00) on accounts having an outstanding balance of one hundred dollars ($100.00) or more,
30   for any payment past due for 30 days or more; provided, in no case shall the late charge exceed
31   the outstanding principal balance. If a late payment charge has been once imposed with respect
32   to a late payment, no late charge shall be imposed with respect to any future payment which
33   would have been timely and sufficient but for the previous default.
34   …."
35   **SECTION 2.** G.S. 25A-29 reads as rewritten:
36   "**§ 25A-29. Default charges.**

1   (a)   If any installment is past due for 10 days or more according to the original terms of
2   the consumer credit installment sale contract, a default charge may be made in an amount not to
3   exceed ~~five percent (5%) of the installment past due or six dollars ($6.00), whichever is the~~
4   ~~lesser.~~twenty-five dollars ($25.00). A default charge may be imposed only one time for each
5   default.
6   (b)   If a default charge is deducted from a payment made on the contract and ~~such~~ the
7   deduction results in a subsequent default on a subsequent payment, no default charge may be
8   imposed for ~~such~~ the default.
9   (c)   If a default charge has been once imposed with respect to a particular default in
10   payment, no default charge shall be imposed with respect to any future payments which would
11   not have been in default except for the previous default.
12   (d)   A default charge for any particular default shall be deemed to have been waived by
13   the seller unless, within 45 days following the default, (i) the charge is collected or (ii) written
14   notice of the charge is sent to the buyer."
15   **SECTION 3.** This act is effective when it becomes law and applies to charges
16   imposed on or after that date.