

NORTH CAROLINA GENERAL ASSEMBLY
1977 SESSION

CHAPTER 779
HOUSE BILL 1468

AN ACT TO STATE THE INTEREST RATE CEILING ON CERTAIN SMALL BUSINESS
LOANS AND CERTAIN LOANS SECURED BY PROPERTY USED FOR NONPROFIT
PURPOSES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 24-1.1 subsection (2) is rewritten to read as follows:

"(2) Ten percent (10%) per annum where the principal amount is one hundred thousand dollars (\$100,000) or less and is a business property loan; or".

Sec. 2. Article 1 of Chapter 24 of the General Statutes is amended by adding a new section to be numbered G.S. 24-1.1B and to read as follows:

"§ 24-1.1B. Contract rates on loans to nonprofit organizations. — (a) Notwithstanding any other provision of this Chapter, except as hereinafter provided, the parties of a loan, purchase money loan, advance or forbearance may contract in writing for the payment of interest not in excess of nine percent (9%) per annum where the principal amount is one hundred thousand dollars (\$100,000) or less and is secured by a mortgage or deed of trust on real property owned by a nonprofit organization, and used for religious, fraternal, educational, scientific, literary or charitable purposes; provided, however, that the provisions of G.S. 24-1.1A shall apply to loans to such nonprofit organizations where said loans fall within the definition of home loans as contained in G.S. 24-1.1A.

(b) A written statement that the borrower is a nonprofit organization and that the real property is used for religious, fraternal, educational, scientific, literary or charitable purposes, signed by the borrower and accepted in good faith by the lender shall be conclusive evidence of the nature of the organization and the purposes for which the real property is used. As used in this section, interest shall not be deemed in excess of the rates provided where interest is computed monthly on the outstanding principal balance that is collected not more than 31 days in advance of its due date."

Sec. 3. This act shall apply only to loans or loan commitments made after the effective date of this act.

Sec. 4. If any provision of this Chapter or its application to any person or circumstances held invalid, the remainder of this Chapter and its application to other persons or circumstances shall not be affected thereby.

Sec. 5. This act shall become effective upon ratification.

In the General Assembly read three times and ratified, this the 28th day of June, 1977.