

NORTH CAROLINA GENERAL ASSEMBLY  
1981 SESSION

CHAPTER 464  
SENATE BILL 100

AN ACT TO AMEND G.S. 24-1.2, G.S. 24-14, G.S. 53-172 AND G.S. 53-180 RELATING TO INSTALLMENT LOAN RATES, INCLUDING SECOND MORTGAGES, LOANS SECURED BY SECONDARY MORTGAGES AND CERTAIN PROVISIONS OF THE NORTH CAROLINA CONSUMER FINANCE ACT.

The General Assembly of North Carolina enacts:

**Section 1.** G.S. 24-1.2 is amended by deleting subdivisions (1) and (2) and by inserting new subdivisions (1), (2) and (3) as follows and by renumbering existing subdivision (5) as subdivision (4):

"§ 24-1.2. **Installment rates.** — Except as otherwise provided in this Chapter or other applicable law, the parties to a loan, purchase money loan, advance, commitment for a loan, or forbearance, may contract in writing for the payment of interest as follows:

- (1) On installment loans not exceeding five thousand dollars (\$5,000), which are not secured by a security interest in any degree on real property, which are for periods of not less than six months nor more than 120 months, which are repayable in substantially equal consecutive monthly payments, which shall not be collected in advance, and which shall be computed monthly on the outstanding principal balance, the rate shall not exceed the rates set under subdivision (3) of this section; provided, a minimum charge of ten dollars (\$10.00) or one dollar (\$1.00) per payment may be agreed to and charged in lieu of interest. The borrower may prepay all or any part of this loan without penalty. The due date of the first monthly payment shall not be more than 45 days following disbursement of funds under any such installment loan.
- (2) On installment loans not exceeding twenty-five thousand dollars (\$25,000), which are not secured by a first security instrument on real property, and which are payable at least quarterly in substantially equal payments of principal and interest, or in substantially equal payments of principal, the rate of interest, computed on the outstanding balance, shall not exceed the rate set under subdivision (3) of this section; provided a minimum charge of ten dollars (\$10.00) or one dollar (\$1.00) per payment may be agreed to and charged in lieu of interest. The borrower may prepay all or any part of the loan without penalty.
- (3) On the fifteenth day of each month, the Commissioner of Banks shall announce and publish the maximum rate of interest permitted by subdivisions (1) and (2) of this section. Such rate shall be the latest published noncompetitive rate for U.S. Treasury bills with a six-month maturity as of the fifteenth day of the month plus six percent (6%), rounded upward or downward, as the case may be, to the nearest one-half of one percent (1/2 of 1%) or sixteen percent (16%), whichever is greater. If there is no nearest one-half of one percent (1/2 of 1%), the Commissioner shall round downward to the lower one-half of one percent (1/2 of 1%). The rate

so announced shall be the maximum rate permitted for the following calendar month on all loans made under this section."

**Sec. 2.** G.S. 53-172 is amended by adding the following sentence at the end of the first paragraph thereof: "The making of home loans as defined in G.S. 24-1.1A(e) or the making of noncommercial loans in a principal amount in excess of twenty-five thousand dollars (\$25,000) is contrary to the best interest of the borrowing public and shall not be authorized by the commissioner."

**Sec. 3.** G.S. 53-180 is amended by adding a new subsection (h) to read as follows:

"(h) Limitation on Other Loans. No licensee shall make any home loan as defined in G.S. 24-1.1A(e) whether made pursuant to this Article or some other provision of law; nor shall any licensee make any noncommercial loan in a principal amount in excess of twenty-five thousand dollars (\$25,000)."

**Sec. 4.** G.S. 24-14(a) is amended by deleting "one and one-third percent (1-1/3%)" and substituting for the deleted language "one and one-half percent (1-1/2%)."

**Sec. 5.** This act shall become effective 10 days after ratification except that the Commissioner of Banks shall have the authority to set a maximum rate effective on such tenth day as if this act had been in effect 30 days prior to ratification.

In the General Assembly read three times and ratified, this the 28th day of May, 1981.