

NORTH CAROLINA GENERAL ASSEMBLY  
1981 SESSION

CHAPTER 465  
SENATE BILL 101

AN ACT TO AMEND G.S. 24-1.1 RELATING TO CONTRACT LOAN RATES AND TO  
ADD A NEW G.S. 24-1.1C.

The General Assembly of North Carolina enacts:

**Section 1.** G.S. 24-1.1 is rewritten to read:

"§ 24-1.1. **Contract 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 other than a credit card, open-end, or similar loan, may contract in writing for the payment of interest not in excess of:

- (1) Where the principal amount is twenty-five thousand dollars (\$25,000) or less, the rate set under subdivision (3) of this section; or
- (2) Any rate agreed upon by the parties where the principal amount is more than twenty-five thousand dollars (\$25,000).

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 and is collected not more than 31 days in advance of its due date. Nothing in this section shall be construed to authorize the charging of interest on committed funds prior to the disbursement of said funds.

- (3) On the fifteenth day of each month, the Commissioner of Banks shall announce and publish the maximum rate of interest permitted by subdivision (1) of this section on that date. 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.** Article 1 of Chapter 24 of the General Statutes is amended by adding a new section, G.S. 24-1.1C, to read as follows:

"§ 24-1.1C. **Exempt loans.** — Individuals may use any rates established in this Chapter, provided that an individual purchaser may contract with an individual seller for the payment of interest as agreed upon by the parties if such loan is a purchase money loan extended for the purchase of and secured by the principal residence of the seller, such principal residence being thereby conveyed to the purchaser."

**Sec. 3.** Section 1 of 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. Section 2 of this act is effective upon ratification and shall expire on July 1, 1983.

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