

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 711

Short Title: Fees/Commercial Loans.

(Public)

Sponsors: Senator Staton.

Referred to: Banks and Thrift Institutions.

April 18, 1991

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE CERTAIN LOAN AND APPRAISAL FEES AND TO AMEND THE USURY LAWS APPLICABLE TO COMMERCIAL LOANS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 24-10 is amended by adding the following new subsection to read:

"(h) A bank, savings and loan association, savings bank, or credit union, or any subsidiary or affiliate thereof organized under the laws of this State or the United States, may charge a party to a loan secured by real property a fee as may be agreed upon by the parties for an appraisal performed by an employee of the bank, savings and loan association, savings bank, or credit union, or any subsidiary or affiliate thereof."

Sec. 2. G.S. 24-9 reads as rewritten:

"§ 24-9. Loans to corporations organized for profit not subject to claim or defense of usury.

Notwithstanding any other provision of this Chapter or any other provision of law, ~~any foreign or domestic corporation substantially engaged in commercial, manufacturing or industrial pursuits for pecuniary gain may agree to pay, and any lender may charge and collect from such corporation, interest at any rate which such corporation may agree to pay in writing, and as to any such transaction the claim or defense of usury by such corporation and its successors or anyone else in its behalf is prohibited.~~ the parties to a loan, extension of credit, or commitment for a loan may contract in writing for the payment of interest and fees as may be agreed upon by the parties where the loan, extension of credit, or commitment for a loan is primarily for a

1 business or commercial purpose. As to any such transaction, the claim or defense of
2 usury is prohibited."

3 Sec. 3. Chapter 24 of the General Statutes is amended by adding the
4 following new section to read:

5 **"§ 24-10.2. Loan fees.**

6 (a) Any lender may charge a party to a loan or extension of credit governed by
7 the provisions of G.S. 24-1.1, 24-1.2, or 24-1.2A a fee for the modification, renewal,
8 extension, or amendment of any terms of the loan or extension of credit, such fee not to
9 exceed the greater of one percent (1%) of the balance outstanding at the time of the
10 modification, renewal, extension, or amendment of terms, or twenty-five dollars
11 (\$25.00).

12 (b) Any lender may charge a party to a loan or extension of credit governed by
13 the provisions of G.S. 24-1.1 or G.S. 24-1.2 an origination fee:

14 (1) As may be agreed upon by the parties where the principal amount of
15 the loan or extension of credit is more than twenty-five thousand
16 dollars (\$25,000), or

17 (2) Not to exceed the greater of two percent (2%) or fifty dollars (\$50.00)
18 where the principal amount of the loan or extension of credit is twenty-
19 five thousand dollars (\$25,000) or less."

20 Sec. 4. G.S. 24-1.2A reads as rewritten:

21 **"§ 24-1.2A. Equity lines of credit.**

22 Notwithstanding any other provision of this Chapter, the parties to an equity line of
23 credit, as defined in G.S. 45-81, may contract in writing for interest at rates which shall
24 not exceed the maximum rates permitted under G.S. 24-1.2(2a); provided, however, that
25 the parties may contract for interest rates which shall be adjustable or variable, so long
26 as for adjustable or variable rate contracts the rate in effect for a given period does not
27 exceed the maximum rate permitted under G.S. 24-1.2(2a) for the same period. Fees
28 may be charged on equity lines of credit which in the aggregate, over the life of the
29 contract based on the maximum limit of the line of credit, do not exceed those permitted
30 under G.S. 24-10. Fees may be charged for the modification, renewal, extension, or
31 amendment of any terms of an equity line of credit which do not exceed those permitted
32 by G.S. 24-10.2(a)."

33 Sec. 5. This act becomes effective October 1, 1991.