

June 11, 2002

H 1608. REVISE PAYDAY LENDING REGULATIONS. TO AMEND THE CHECK-CASHING LAW WITH REGARD TO POSTDATED OR DELAYED DEPOSIT CHECKS. Amends GS Chapter 53, Article 22, Check-Cashing Law, to authorize and regulate deferred deposit loans. Defines a "deferred deposit transaction" as a check-cashing or similar loan transaction in which a person pays a cash advance to a customer in return for a "payment device" (defined in the act) and agrees to hold the payment device for a period of days before deposit, presentment, or withdrawal. Adds new GS 53-281.1 providing that the deposit of the check or payment device must be deferred for not less than 30 days, limiting the amount of credit extended by such a transaction to \$300, and limiting total charges for such transactions to 36% per annum. Prohibits repaying payment device cashed under the new section by proceeds of another payment device cashed by same licensee or affiliate.

Amends GS 53-278 to provide that application fee for licensing under Article is to be \$500, plus \$1000 investigation fee, if applicant intends to offer deferred deposit check-cashing services; and provides that renewal fee for licensee offering such service to be \$1500 plus \$250 for each branch location certificate. Amends GS 53-283 to prohibit licensees under Article from using or threatening to use criminal process to collect on payment device in a deferred deposit transaction returned for insufficient funds, and from making or holding more than one deferred deposit transaction to a customer at the same time. Amends GS 53-277(a)(1) to make clear that Article does not apply to financial institutions organized under the laws of the US or any state, even if it maintains a place of business in NC.

Effective Oct. 1, 2002.

Intro. by Miller.

Ref. to Rules	GS 53
---------------	-------