

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

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**HOUSE BILL 1458**

Short Title: Car Sales Financing/Loan Fee.

(Public)

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Sponsors: Representative Saunders.

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Referred to: Ways and Means.

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April 21, 2005

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE BUSINESSES THAT FINANCE THE SALE OF MOTOR  
2 VEHICLES UNDER THE RETAIL INSTALLMENT SALES ACT TO CHARGE  
3 A LOAN FEE THAT IS NOT REFUNDABLE AS PART OF A REBATE ON  
4 PREPAYMENT OF THE DEBT.  
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6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 25A-32 reads as rewritten:

8 "**§ 25A-32. Rebates on prepayment.**

9 (a) Notwithstanding any provision in a consumer credit installment sale contract  
10 to the contrary, any buyer may satisfy the debt in full at any time before maturity, and in  
11 so satisfying such debt, shall receive a rebate, the amount of which shall be computed  
12 under the "rule of 78's," as follows:

13 "The amount of such rebate shall represent as great a proportion of the finance  
14 charge (less a prepayment charge of ten percent (10%) of the unpaid balance, not to  
15 exceed twenty-five dollars (\$25.00) and, for a consumer credit installment sale contract  
16 for a self-propelled motor vehicle, also less a loan fee not to exceed two hundred dollars  
17 (\$200.00)) as the sum of the periodical time balances after the date of prepayment in full  
18 bears to the sum of all the periodical time balances under the schedule of payments in  
19 the original contract." No rebate is required if the amount thereof is less than one dollar  
20 (\$1.00).

21 (b) If the prepayment is made otherwise than on the due date of an installment, it  
22 shall be deemed to have been made on the installment due date nearest in time to the  
23 actual date of payment.

24 (c) If a seller obtains a judgment on a debt arising out of a consumer credit  
25 installment sale or the seller repossesses the collateral securing the debt, the seller shall  
26 credit the buyer with a rebate as if the payment in full had been made on the date the  
27 judgment was obtained or 15 days after the repossession occurred. If the seller obtains a  
28 judgment and repossesses the collateral, the seller shall credit the buyer with a rebate as

1 if payment in full had been made on the date of the judgment or 15 days after the  
2 repossession, whichever occurs earlier."

3 **SECTION 2.** G.S. 25A-8(a) reads as rewritten:

4 "(a) "Finance charge" means the sum of all charges payable directly or indirectly  
5 by the buyer and imposed by the seller as an incident to the extension of credit,  
6 including any of the following types of charges ~~which are applicable;~~that apply:

7 (1) Interest, time price differential, service, carrying or other similar  
8 charge ~~however denominated;~~denominated.

9 (2) Premium or other charges for any guarantee or insurance protecting  
10 the seller against the buyer's default or other credit ~~loss;~~loss.

11 (3) Loan fee, whether refundable as part of a rebate under G.S. 25A-32(a)  
12 or not, finder's fee-fee, or similar echarge; andcharge.

13 (4) Fee for an appraisal, investigation or credit report."

14 **SECTION 3.** This act becomes effective January 1, 2006, and applies to  
15 contracts entered into on or after that date.