

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

FILED SENATE
Apr 3, 2019
S.B. 587
PRINCIPAL CLERK

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SENATE BILL DRS45252-MU-28

Short Title: Consumer Credit/Finance Charge Rates. (Public)

Sponsors: Senators Gunn and D. Davis (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE THE MAXIMUM FINANCE CHARGE RATES FOR CONSUMER
3 CREDIT INSTALLMENT SALE CONTRACTS AND TO EXPAND THE DEFINITION
4 OF OFFICIAL FEES AS APPLIED TO THOSE CONTRACTS.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 25A-10 reads as rewritten:

7 "§ 25A-10. "Official fees" defined.

8 "Official fees" ~~means:~~means either of the following:

- 9 (1) Fees and charges prescribed by law ~~which that~~ actually are or will be paid to
10 ~~public officials by the seller~~ for determining the existence of or for perfecting,
11 releasing, or satisfying a security interest related to a consumer credit ~~sale;~~
12 ~~or sale.~~
13 (2) Premiums payable for insurance in lieu of perfecting a security interest
14 otherwise required by the seller in connection with a consumer credit sale if
15 the premium does not exceed the fees or charges described in subdivision (1)
16 of this section ~~which that~~ would otherwise be payable."

17 SECTION 2. G.S. 25A-15 reads as rewritten:

18 "§ 25A-15. Finance charge rates for consumer credit installment sale contracts.

19 (a) With respect to a consumer credit installment sale contract, a seller may contract for
20 and receive a finance charge not exceeding that permitted by this section. All balances due under
21 a consumer credit installment sale contract from any person as a buyer or as an endorser,
22 guarantor, or surety for any buyer or otherwise jointly or severally shall be considered a part of
23 the amount financed with regard to the contract for the purpose of computing interest or charges.
24 For the purposes of this section, the finance charge rates are the rates that are required to be
25 disclosed by the Consumer Credit Protection Act. ~~Act,~~ except that official fees under G.S. 25A-10
26 shall be included in the amount financed and excluded from the finance charge.

27 (b) Except as ~~hereinafter provided,~~ provided in this section, the finance charge rate for a
28 consumer credit installment ~~sales sale~~ contract ~~may shall not exceed;~~ exceed the following rate
29 except that a minimum finance charge of five dollars (\$5.00) may be imposed:

- 30 (1) Twenty-four percent (24%) per annum where the amount financed is less than
31 ~~one thousand five hundred dollars (\$1,500);~~ three thousand five hundred
32 dollars (\$3,500).
33 (2) Twenty-two percent (22%) per annum where the amount financed is ~~one~~
34 ~~thousand five hundred dollars (\$1,500)~~ three thousand five hundred dollars
35 (\$3,500) or greater, but less than ~~two thousand dollars (\$2,000);~~ five thousand
36 dollars (\$5,000).



1 (3) Twenty percent (20%) where the amount financed is ~~two thousand (\$2,000)~~
2 five thousand dollars (\$5,000) or greater, but less than ~~three thousand dollars~~
3 ~~(\$3,000);~~ seven thousand five hundred dollars (\$7,500).

4 (4) Eighteen percent (18%) per annum where the amount financed is ~~three~~
5 ~~thousand dollars (\$3,000) or greater;~~ seven thousand five hundred dollars
6 (\$7,500) or greater.

7 ~~except that a minimum finance charge of five dollars (\$5.00) may be imposed.~~

8 (c) A finance charge rate not to exceed the higher of the rate established in subsection (b)
9 of this section or the rate set forth below may be imposed in a consumer credit installment sale
10 contract repayable in not less than six installments for a self-propelled motor vehicle:

11 (1) Eighteen percent (18%) per annum for vehicles one and two model years
12 ~~old;~~ old.

13 (2) Twenty percent (20%) per annum for vehicles three model years ~~old;~~ old.

14 (3) Twenty-two percent (22%) per annum for vehicles four model years ~~old;~~
15 and old.

16 (4) Twenty-nine percent (29%) per annum for vehicles five model years old and
17 older.

18 A motor vehicle is one model year old on January 1 of the year following the designated year
19 model of the vehicle.

20 (d) Notwithstanding ~~the provisions of subsections (b) and (c), above,~~ (c) of this section,
21 in the event that the amount financed in a consumer credit sale contract is secured in whole or in
22 part by a security interest in real property, the finance charge rate ~~may~~ shall not exceed sixteen
23 percent (16%) per annum.

24 (e) A seller ~~may~~ shall not divide a single credit sale transaction into two or more sales to
25 avoid the limitations as to maximum finance charges imposed by this section.

26 (f) Notwithstanding ~~the provisions of subsections (b) or (d), and (d) of this section,~~ the
27 parties to a consumer credit installment sale contract for the sale of a residential manufactured
28 home ~~which that~~ is secured by a first lien on that home or on the land on which ~~such the~~ home is
29 located may contract in writing for the payment of a finance charge as agreed upon by the parties.
30 ~~Provided, this subsection shall only apply.~~ This subsection only applies if the parties ~~would have~~
31 been ~~are~~ entitled to so contract by the provisions of ~~section~~ Section 501 of United States Public
32 Law 96-221, and have complied with the regulations ~~promulgated thereto.~~ adopted under it.

33 For the purposes of this ~~subsection (f), subsection,~~ a "residential manufactured home" means
34 a mobile manufactured home as defined in G.S. 143-145(7) ~~which that~~ is used as a dwelling."

35 **SECTION 3.** This act becomes effective October 1, 2019, and applies to contracts
36 entered into, renewed, or modified on or after that date.