

GENERAL ASSEMBLY OF NORTH CAROLINA
1985 SESSION

CHAPTER 154
SENATE BILL 27

AN ACT RELATING TO INSTALLMENT LOANS, LOANS SECURED BY
SECONDARY MORTGAGES, AND LOANS BY LICENSEES UNDER THE
NORTH CAROLINA CONSUMER FINANCE ACT.

The General Assembly of North Carolina enacts:

Section 1. G.S. 24-1.1A(a) is amended by adding at the end a new subdivision to read:

"(4) Notwithstanding any other provision of law, where the lender is an affiliate operating in the same office or subsidiary operating in the same office of a licensee under the North Carolina Consumer Finance Act, the lender may charge interest to be computed only on the following basis: monthly on the outstanding principal balance at a rate not to exceed the rates provided for under G.S. 24-1.2(2a)."

Sec. 2. G.S. 24-10(g) is amended by adding at the end a new sentence to read: "The fees or discounts are fully earned when the loan is made and are not a prepayment penalty under this Chapter or any other law of this State."

Sec. 3. G.S. 24-13 is amended by deleting the phrase "and (c)" and substituting the phrase "(c) and (f)".

Sec. 4. G.S. 24-14 is amended by adding a new subsection to read:

"(f) In addition to the interest permitted by subsection (a), the lender may include in the principal balance fees or discounts not exceeding two percent (2%) of the principal amount of the loan less the amount of any existing loan by that lender to be refinanced, modified or extended. The fees and discounts are fully earned when the loan is made and are not a prepayment penalty."

Sec. 5. G.S. 24-16.1 is amended by adding at the end a new sentence to read: "G.S. 24-12 to 24-17 shall not apply to a loan made under Article 1 of this Chapter."

Sec. 6. G.S. 53-166(a) is amended by deleting the phrase "three thousand dollars (\$3,000)" and substituting the phrase "ten thousand dollars (\$10,000)".

Sec. 7. G.S. 53-172 is amended in the first paragraph by deleting the second sentence.

Sec. 8. The first paragraph of G.S. 53-172 is amended by adding the following sentence:

"The making of home loans as defined in G.S. 24-1.1A(e) shall not be authorized by the Commissioner."

Sec. 9. G.S. 53-172 is amended by adding a new paragraph to read:

"Each affiliate operating in the same office or subsidiary operating in the same office of a licensee making home loans as defined in G.S. 24-1.1A(e), shall report to the

Attorney General of North Carolina each quarter information concerning home loans as follows: number, rate of interest charged, principal amounts, terms, number of consumer loans refinanced by loans secured by real estate, and number of foreclosures.

The North Carolina Commissioner of Banks will approve the forms for reporting. If an affiliate operating in the same office or a subsidiary operating in the same office of a licensee fails to file the report within 30 days after the due date as required by the Attorney General, the Attorney General shall advise the North Carolina Commissioner of Banks who may revoke under G.S. 53-172 that affiliate's or subsidiary's authority to do business in the same office as the licensee. The Attorney General shall submit a report to the General Assembly no later than December 31, 1986, concerning the loans made pursuant to the authority granted under this Article. The report shall contain the information listed above, plus any recommendations of the Attorney General, if he has any recommendations."

Sec. 10. G.S. 53-180(h) is rewritten to read:

"(h) Limitations on home loans. No affiliate operating in the same office or subsidiary operating in the same office of a licensee shall make any home loan as defined in G.S. 24-1.1A(e) in a principal amount of less than three thousand dollars (\$3,000)."

Sec. 11. G.S. 53-180(f) is rewritten to read:

"(f) No licensee shall make any loan within this State which shall in any way be secured by real property."

Sec. 12. G.S. 53-180 is amended to add a new subsection to read:

"(i) A licensee or an affiliate operating in the same office or subsidiary operating in the same office of a licensee shall not make as a condition of any loan the refinancing of a borrower's home loan as defined in G.S. 24-1.1A(e) which is not currently in default."

Sec. 13. G.S. 53-166(d) is amended by adding the following sentence at the end thereof:

"If an affiliate operating in the same office or subsidiary operating in the same office of a licensee makes a loan in violation of G.S. 53-180(i) such affiliate or subsidiary may recover only its principal on such loan."

Sec. 14. Sections 1, 10, 12 and 13 of this act are effective upon ratification and shall expire on July 31, 1987. Section 8 of this act shall become effective July 31, 1987. The remaining sections of this act are effective upon ratification and apply to loans made after that date.

In the General Assembly read three times and ratified, this the 6th day of May, 1985.