

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 444
SENATE BILL 743

AN ACT TO EXTEND TEMPORARILY THE AUTHORITY OF CONSUMER
FINANCE LICENSEE'S AFFILIATES TO MAKE HOME LOANS IN THE SAME
OFFICE AS THE LICENSEE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 24-1.1A(a)(4) is rewritten 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 rate provided in this subdivision.

On the fifteenth day of each month, the Commissioner of Banks shall announce and publish the maximum rate of interest permitted by this subdivision. Such rate shall be the latest published noncompetitive rate for U.S. Treasury bills with a six-month maturity as of the fifteenth day of the month plus six percent (6%), rounded upward or downward, as the case may be, to the nearest one-half of one percent (1/2 of 1%) or fifteen percent (15%), whichever is greater. If there is no nearest one-half of one percent (1/2 of 1%), the Commissioner shall round downward to the lower one-half of one percent (1/2 of 1%). The rate so announced shall be the maximum rate permitted for the term of loans made under this section during the following calendar month when the parties to such loans have agreed that the rate of interest to be charged by the lender and paid by the borrower shall not vary or be adjusted during the term of the loan. The parties to a loan made under this section may agree to a rate of interest which shall vary or be adjusted during the term of the loan in which case the maximum rate of interest permitted on such loans during a month the term of the loan shall be the rate announced by the Commissioner in the preceding calendar month.

An affiliate operating in the same office or subsidiary operating in the same office of a licensee under the North Carolina Consumer Finance Act may not make a home loan for a term in excess of six (6) months which provides for a balloon payment. For purposes of this subdivision, a balloon payment means any scheduled payment that is more than twice as large as the average of earlier scheduled payments. This subsection does not apply to equity lines of credit as defined in G.S. 45-81."

Sec. 2. Section 9 of Chapter 154 of the 1985 Session Laws (First Session, 1985) is rewritten to read:

"Sec. 9. G.S. 53-172 is amended by adding the following new paragraphs 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), or equity line of credit loans pursuant to G.S. 45-81 which are secured by a first mortgage or deed of trust on real property on which one or more residences are located, shall report to the Attorney General of North Carolina each quarter information concerning such loans as follows: number, rate of interest charged, principal amounts, terms, number of consumer loans or home loans refinanced by loans secured by real estate, and the number of delinquencies and 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 or violates any provision of G.S. 24-1.1A, 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, 1988, 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. The costs and expenses associated with collecting and maintaining the information contained in the report of the Attorney General shall be paid by those companies required to make quarterly reports under this section."

Sec. 3. The first two sentences of section 14 of Chapter 154 of the 1985 Session Laws (First Session, 1985) are rewritten to read:

"Sec. 14. Section 1 of this act is effective upon ratification and shall expire on July 31, 1987. Sections 10, 12 and 13 of this act are effective upon ratification and shall expire on July 31, 1989; provided, however, that transactions entered into under the authority of the expired sections shall not be affected by the expiration of these sections. Section 8 of this act shall become effective July 31, 1989."

Sec. 4. Section 1 of this act shall be effective on July 31, 1987 and shall expire on July 31, 1989. The remaining sections of this act are effective upon ratification.

In the General Assembly read three times and ratified this the 22nd day of June, 1987.