

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 34

Banks and Thrift Institutions Committee Substitute Adopted 3/21/91

Short Title: Rule of 78s/Mobile Homes.

(Public)

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Sponsors:

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Referred to:

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February 6, 1991

A BILL TO BE ENTITLED

1 AN ACT TO ABOLISH THE USE OF THE RULE OF 78s AS IT PERTAINS TO  
2 INSTALLMENT LOANS SECURED BY REAL PROPERTY OR MOBILE  
3 HOMES.  
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5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 25A-2(a) reads as rewritten:

7 "(a) Except as provided in subsection (c) of this section, a 'consumer credit sale' is  
8 a sale of goods or services in which

9 (1) The seller is one who in the ordinary course of business regularly  
10 extends or arranges for the extension of consumer credit, or offers to  
11 extend or arrange for the extension of such credit,

12 (2) The buyer is a natural person,

13 (3) The goods or services are purchased primarily for a personal, family,  
14 household or agricultural purpose,

15 (4) Either the debt representing the price of the goods or services is  
16 payable in installments or a finance charge is imposed, and

17 (5) The amount financed does not exceed twenty-five thousand dollars  
18 (\$25,000) or, in the case of a debt secured by real property or a  
19 manufactured home as defined in G.S. 143-145(7), regardless of the  
20 amount financed."

21 Sec. 2. Chapter 25A of the General Statutes is amended by adding the  
22 following new section to read:

1 **"§ 25A-32.1. Unearned finance charge credits on prepayment of loans secured by**  
2 **real property and mobile home loans.**

3 Notwithstanding any statutory or contractual provisions to the contrary, in a  
4 consumer credit installment sale contract secured by real estate or by a residential  
5 manufactured home as defined in G.S. 143-145(7), any buyer may satisfy the debt in  
6 full at any time before maturity, and in so satisfying such debt, shall be credited with all  
7 unearned finance charges.

8 If a seller obtains a judgment on a debt arising out of a consumer credit installment  
9 sale secured by real estate or a residential manufactured home as defined in G.S. 143-  
10 145(7), or if the seller forecloses or repossesses the collateral securing the debt, the  
11 seller shall credit the buyer with all unearned finance charges as if the payment in full  
12 had been made on the date the judgment was obtained or 15 days after the foreclosure or  
13 repossession occurred, whichever is earlier. If the seller obtains a judgment and  
14 repossesses the collateral, the seller shall credit the buyer with all unearned finance  
15 charges as if payment in full had been made on the date of the judgment or 15 days after  
16 the repossession, whichever occurs earlier."

17 Sec. 3. This act becomes effective July 1, 1991, and applies to contracts made  
18 on or after that date.