

GENERAL ASSEMBLY OF NORTH CAROLINA
1997 SESSION

S.L. 1997-334
SENATE BILL 562

AN ACT TO INCREASE THE AMOUNT OF THE PROCESSING FEE CHARGED
FOR RETURNED CHECKS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 25-3-506 reads as rewritten:

"§ 25-3-506. Collection of processing fee for returned checks.

A person who accepts a check in payment for goods or services may charge and collect a processing fee, not to exceed ~~twenty dollars (\$20.00)~~, twenty-five dollars (\$25.00), for a check on which payment has been refused by the payor bank because of insufficient funds or because the drawer did not have an account at that bank if at the time the consumer presented the check to the person, a sign:

- (1) Was conspicuously posted on or in the immediate vicinity of the cash register or other place where the check is received;
- (2) Was in plain view of anyone paying for goods or services by check;
- (3) Was no smaller than 8 by 11 inches; and
- (4) Stated the amount of the fee that would be charged for returned checks.

When the drawer sends a check by mail for payment of a debt and the check is dishonored and returned, the processing fee may be collected if the drawer was given prior written notice that a fee would be charged for returned checks. Any document that clearly and conspicuously states the amount of the fee that will be charged for returned checks and is delivered to the drawer or his agent, or is mailed first-class mail to the drawer at his last known address as part of any document requesting payment of a debt satisfies this notice requirement for that payment only.

If a collection agency collects or seeks to collect on behalf of its principal a processing fee as specified in this section in addition to the sum payable of a check, the amount of such processing fee must be separately stated on the collection notice. The collection agency shall not collect or seek to collect from the drawer any sum other than the actual amount of the returned check and the specified processing fee."

Section 2. This act becomes effective October 1, 1997, and applies to checks written on or after that date.

In the General Assembly read three times and ratified this the 16th day of July, 1997.

s/ Dennis A. Wicker
President of the Senate

s/ Harold J. Brubaker
Speaker of the House of Representatives

s/ James B. Hunt, Jr.
Governor

Approved 10:57 a.m. this 25th day of July, 1997