

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

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SENATE BILL 723

Short Title: Unsolicited Checks to Secure Loans. (Public)

Sponsors: Senators Bingham; Albertson, Ballance, Cunningham, Garwood, Hagan, Harris, Horton, Hoyle, Kinnaird, Metcalf, Rand, Reeves, Warren, and Weinstein.

Referred to: Commerce.

March 29, 2001

A BILL TO BE ENTITLED

AN ACT TO REQUIRE CERTAIN DISCLOSURE AND WARNING STATEMENTS  
ON UNSOLICITED CHECKS THAT, WHEN CASHED BY THE RECIPIENTS,  
OBLIGATE THE RECIPIENTS TO REPAY THE AMOUNT OF THE CHECKS  
PLUS INTEREST AND FEES.

The General Assembly of North Carolina enacts:

**SECTION 1.** Article 1 of Chapter 75 of the General Statutes is amended by adding a new section to read:

**"§ 75-20. Unsolicited checks to secure loans.**

(a) No person, firm, or corporation engaged in lending money shall deliver to a person an unsolicited check made out to the recipient that upon cashing, obligates the recipient to repay the amount of the check plus interest and fees, unless all of the following requirements are satisfied:

(1) The check is attached to a disclosure statement that is easily detachable and that contains in at least 10-point boldface type a statement conspicuously placed in substantially the following form:

'Warning: This is a loan solicitation. If you cash this check, you are agreeing to borrow the sum of \$----- at the ---% rate of interest for a period of --- years. Your monthly payments will be \$---- for ---- years. If you are late with a payment, you will be charged the following fees in addition to your monthly payment: (list fees). All other terms of this loan are clearly identified as loan terms and appear on the back of the check or on this attachment. Read these terms carefully before you cash this check. Cashing this check constitutes a loan transaction.'

