

February 17, 1999

Ref. to Judiciary IV

GS 7A, CONST

H 95. SMALL LOAN REVISIONS. *TO MODIFY THE CONSUMER FINANCE ACT TO INCREASE THE AMOUNT OF LOANABLE ASSETS REQUIRED BEFORE AN ENTITY IS LICENSED TO ENGAGE IN BUSINESS IN THE STATE, TO REVISE THE AMOUNT OF, AND MAXIMUM RATE OF INTEREST FOR, SMALL LOANS, TO ESTABLISH A LOAN PROCESSING FEE FOR CERTAIN LOANS, TO REPEAL OBSOLETE PROVISIONS OF LAW, AND TO MAKE CONFORMING CHANGES.* Makes the following revisions to North Carolina Consumer Finance Act concerning entities in the business of making loans of less than \$10,000; (1) amends GS 53-168 to require that such entity have at each location loanable assets of at least \$50,000 (now, \$25,000) at the time of application and at all times of operation; (2) amends GS 53-173 to provide that the maximum interest charge on loans up to \$6,000 is 30% on the first \$1,800 of unpaid principal and 18% on the remaining balance (now, the section provides that the maximum interest charge on loans up to \$3,000 is 36% on the first \$600 of unpaid balance and 15% on the remaining balance); (3) adds new GS 53-173(a1) authorizing the lender to collect from the borrower a loan process fee up to 5% of the cash advance, not to exceed \$25; and (4) repeals GS 53-173(f), which now authorizes the State Banking Commission to redetermine and refix the maximum interest rates from time to time. Effective Oct. 1, 1999; applies to loans made on or after that date.

Intro. by Michaux.

Ref. to Financial Inst

GS 53