

May 18, 2000

S 1322. REVISIONS TO CONSUMER LENDING (=H 1635). *TO REVISE THE APPLICABLE INTEREST RATES ON LOANS MADE PURSUANT TO THE CONSUMER FINANCE ACT UNDER CERTAIN CIRCUMSTANCES, TO ESTABLISH A LOAN PROCESSING FEE FOR CERTAIN LOANS, TO ALLOW BORROWERS TO CANCEL LOANS UNDER CERTAIN CIRCUMSTANCES, TO ALLOW LENDERS TO CHARGE A LATE PAYMENT PENALTY UNDER CERTAIN CIRCUMSTANCES, TO REQUIRE DISCLOSURE ON SOLICITATION OF LOANS BY FACSIMILE OR NEGOTIABLE CHECKS, AND TO ALLOW LENDERS TO MAINTAIN CERTAIN RECORDS IN THE FORM OF OPTICAL IMAGE DISKS.* Amends GS 53-176 to change the maximum rate of interest that can be charged by finance companies licensed as optional rate lenders as follows: 28% per annum on outstanding principal balance for loan not exceeding \$2,000; 25% on loan between \$2,000 and \$3,500; 23% on loan between \$3,500 and \$5,000; 21% for loan between \$5,000 and \$7,500; and 18% on loan exceeding \$7,500. Authorizes optional rate lenders to charge a fee of 5% of cash advance for processing the loan, but fee not to exceed \$25 for loans up to \$2,000 and \$50 for loans over \$2,000; and specifies how fee may be charged when loans are refinanced. Allows borrower to cancel loan with finance company within 15 days after disbursement of loan without incurring any interest if amount of loan, minus any fees or charges, is returned to finance company. Allows optional rate lender to charge a late payment fee not to exceed 5% of past due payment or \$10, whichever is greater, for any payment past due for 15 days or more. Provides that loan contract by finance company must include specified conspicuous statement if finance company is soliciting loans. Effective Oct. 1, 2000.

Intro. by Clodfelter and Hoyle.

Ref. to Rules	GS 53
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