

March 14, 2001

H 599. REVISE CONSUMER FINANCE ACT. *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 REVISE THE COLLECTION OF INTEREST UNDER CERTAIN CIRCUMSTANCES, TO ESTABLISH A LOAN PROCESSING FEE, TO ALLOW LENDERS TO CHARGE A LATE PAYMENT PENALTY UNDER CERTAIN CIRCUMSTANCES, TO REQUIRE DISCLOSURE ON SOLICITATION OF LOANS BY FACSIMILE OR NEGOTIABLE CHECKS, TO ALLOW LENDERS TO MAINTAIN CERTAIN RECORDS IN THE FORM OF OPTICAL IMAGE DISKS, TO REPEAL OBSOLETE PROVISIONS OF THE GENERAL STATUTES, AND TO MAKE CONFORMING CHANGES TO THE GENERAL STATUTES.* (1) Amends GS 53-168 to increase from \$25,000 to \$50,000 the minimum amount of loanable assets required for licensure under Consumer Finance Act. (2) Amends GS 53-173 to allow licensed lenders to charge 30% annual interest rate (now, 36%) on first \$1,800 in principal (now, \$600) on loans of up to \$6,000 (now, \$3,000) and 18% (now, 15%) on the principal balance exceeding \$1,800. Allows licensed lenders to charge additional processing fee of 5% of cash advance, not to exceed \$50. Repeals GS 53-173 (allowing State Banking Comm'n to redetermine maximum charges for small loans). (3) Amends GS 53-176 to allow licensed lenders to charge 28% annual interest (now, 30%) on first \$2,000 in principal (now, \$1,000) on loans of up to \$10,000 and 18% on principal balance exceeding \$2,000. Allows licensed lenders to charge additional process fee of 5% of cash advance, not to exceed \$50. Allows lender to charge late payment charge of up to 5% of payment or \$7, whichever is greater, if payment is at least 10 days past due. (4) Makes additional changes as indicated in title. Effective July 1, 2001; and applies to loans made on or after that date.

Intro. by Michaux.

Ref. to Financial Inst	GS 53
------------------------	-------

April 5, 2001

H 599. REVISE CONSUMER FINANCE ACT. Intro. 3/14/01. House committee substitute makes the following changes to 1st edition. Adds to bill's new GS 53-173(a1) (which provides that covered lenders may charge a loan processing fee of up to 5% of a cash advance or \$50, whichever is less) a provision limiting the imposition of such a fee to twice in any 12-month period.

April 23, 2001

H 599. REVISED CONSUMER FINANCE ACT. Intro. 3/14/01. House committee substitute makes the following changes to 2nd edition. Amends GS 53-173 to set loan processing fee at \$25 (was, 5% of loan amount up to \$50). Amends GS 53-176 to loan processing fee at \$40 (was, 5% of cash advance, up to \$50).

October 3, 2001

H 599. REVISE CONSUMER FINANCE ACT. Intro. 3/14/01. Senate committee substitute makes the following changes to 3rd edition. Deletes portions of bill revising the amount of and maximum interest rates for small loans and amends title accordingly. Deletes provisions authorizing State Banking Comm'n to review small loan processing fee charges. Authorizes a lender to charge a party to a loan or extension of credit governed by GS 53-173 a late payment charge not to exceed the greater of \$7 or 5%, and in no event to exceed \$10. Changes amounts of fees that may be charged for processing loans governed by GS 53-176 to \$25 for loans up to \$2,500 and 1% of the cash advance above \$2,500, not to exceed a total of \$60 (was, flat fee of \$40). Permits a lender who has elected to make loans in accordance with GS 53-176 to continue to make such loans unless notified by Comm'r in writing of intent to terminate the lender's election (under current law, lender must reinstate the lender's election annually). Authorizes a borrower to cancel a loan within three business days after disbursement of the loan proceeds without incurring or paying interest so long as the full amount is returned to and received by the licensee within that time. Limits borrowers to two such cancellations per year for a single licensee. Makes additional technical and conforming changes. Effective Dec. 1, 2001 (was July 1, 2001).

December 4, 2001

H 599. REVISE CONSUMER FINANCE ACT. Intro. 3/14/01. Senate amendment makes the following changes to 4th edition. Changes effective date from Dec. 1, 2001, to Jan. 1, 2002.

December 6, 2001

H 599. REVISE CONSUMER FINANCE ACT. Intro. 3/14/01. Senate committee substitute makes the following changes to 5th edition. Revises new GS 53-173(a1) to provide that, in addition to interest, licensee may collect from borrower a fee for processing the loan equal to 5% of the loan amount up to \$25 (previous version allowed fee of \$25 regardless of size of loan). Deletes new GS 53-173(g) and GS 53-176(g), which specified late payment charges that lender could charge. Revises GS 53-176(b) to allow loan processing fee of 1% for cash advance above \$2,500, not to exceed \$40 (was, \$60).

January 9, 2002

SL 2001-519 (H 599). REVISE CONSUMER FINANCE ACT. *AN ACT 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 COLLECTION OF INTEREST UNDER CERTAIN CIRCUMSTANCES, TO ESTABLISH A LOAN PROCESSING FEE, TO ALLOW LENDERS TO CHARGE A LATE PAYMENT PENALTY UNDER CERTAIN CIRCUMSTANCES, TO REQUIRE DISCLOSURE ON SOLICITATION OF LOANS BY FACSIMILE OR NEGOTIABLE CHECKS, TO ALLOW LENDERS TO MAINTAIN CERTAIN RECORDS IN THE FORM OF OPTICAL IMAGE DISKS, TO REPEAL OBSOLETE PROVISIONS OF THE GENERAL STATUTES, AND TO MAKE CONFORMING CHANGES TO THE GENERAL STATUTES.* Summarized in *Daily Bulletin* 3/14/01, 4/5/01, 4/23/01, 10/2/01, 12/4/01, and 12/6/01. Enacted Jan. 6, 2002. Effective Jan. 1, 2002.