

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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SENATE DRS45292-MD-71 (03/12)

Short Title: Consumer Access to Credit Act.

(Public)

Sponsors: Senator Gunn (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO ENACT THE CONSUMER ACCESS TO CREDIT ACT.  
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** Article 15 of Chapter 53 of the General Statutes is amended by  
5 adding a new section to read:

6 "**§ 53-176.2. Alternative rate installment loans.**

7 (a) Loan Amount. – In addition to making loans under G.S. 53-176, a licensee may  
8 make installment loans in amounts not less than three hundred dollars (\$300.00) nor more than  
9 one thousand five hundred dollars (\$1,500).

10 (b) Term. – The term of a loan made under this section shall not be less than six months  
11 nor more than 24 months.

12 (c) Limitation on Number of Loans. – No licensee, or subsidiary or affiliate of the  
13 licensee, shall make a loan to a borrower if the licensee, or a subsidiary or affiliate of the  
14 licensee, already has a loan made pursuant to this section outstanding with the same borrower.  
15 However, a licensee making a loan under this section may also make a loan to a borrower under  
16 G.S. 53-176.

17 (d) Permissible Charges. – A licensee shall not charge interest on a loan made pursuant  
18 to this section but may instead impose any or all of the following finance charges on a loan  
19 made under this section:

20 (1) A nonrefundable investigation fee equal to ten percent (10%) of the amount  
21 financed.

22 (2) A maximum monthly installment handling fee of:

23 a. Five dollars (\$5.00) per one hundred dollars (\$100.00) financed for a  
24 loan of an amount not exceeding five hundred dollars (\$500.00).

25 b. Four dollars (\$4.00) per one hundred dollars (\$100.00) financed for a  
26 loan of an amount exceeding five hundred dollars (\$500.00).

27 (e) No Other Fees or Charges. – A licensee shall not collect any other fees or charges  
28 on loans made under this section except:

29 (1) The fees authorized under G.S. 53-175, 53-177(a), and 53-177(b), except  
30 that a late payment fee under G.S. 53-177(b) shall not exceed fifteen dollars  
31 (\$15.00).

32 (2) Insurance premiums and charges for credit life, credit accident and health,  
33 credit unemployment, or credit property insurance written subject to  
34 G.S. 53-189.



1           (3)    Statutory court costs paid by the lender if the lender agrees, upon written  
2                   request of the borrower, to take a voluntary dismissal of an action to recover  
3                   the loan or the loan is reduced to a judgment.

4       (f)    Borrower's Right to Rescind. – A borrower may rescind a loan made under this  
5       section and recover any fees paid to the lender, including the nonrefundable investigation fee,  
6       without cost not later than the end of the third business day immediately following the day on  
7       which the loan was made by doing all of the following:

8           (1)    Informing the lender in writing that the borrower wants to rescind the loan  
9                   transaction.

10          (2)    Returning the cash amount of the loan principal to the lender, together with  
11                   sufficient funds to compensate the lender for any recording fees paid on  
12                   behalf of the borrower.

13       (g)    Prepayment. – Loans made under this section may be paid in whole or in part at any  
14       time without any additional cost or penalty for prepayment.

15       (h)    Rebate of Unused Installment Handling Charges. – Whenever the outstanding  
16       balance of any installment loan contract made pursuant to this section is paid in full by cash, a  
17       new loan, renewal, or otherwise at least one month or more before the date upon which the  
18       final installment is due, the lender shall refund or credit the borrower with any unused portion  
19       of the installment handling charge. The amount of such refund shall be determined according to  
20       the payment schedule originally contracted for and calculated on an actuarial basis.

21       (i)    Notice Required. – Each loan agreement made under this section shall contain the  
22       following notice in at least 10 point bold-face type:

23           "NOTICE TO BORROWER: NORTH CAROLINA LAW PROHIBITS THIS  
24           LENDER AND ANY AFFILIATE OR SUBSIDIARY FROM HAVING MORE  
25           THAN ONE ALTERNATIVE LOAN MADE PURSUANT TO G.S. 53-176.2  
26           OUTSTANDING TO YOU AT ANY ONE TIME."

27       (j)    Article Otherwise Applicable. – Except for the provisions of G.S. 53-173(b),  
28       53-177(c), and 53-177(d), and the rate, terms, and conditions for installment loans made under  
29       G.S. 53-176, alternative installment loans made under this section shall generally be subject to  
30       the terms, conditions, and limitations on loans under this Article, including, but not limited to,  
31       the limitations for loans to military members under G.S. 53-180.1."

32           **SECTION 2.** This act becomes effective July 1, 2015.