

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 681

Short Title: Consumer Access to Credit Act. (Public)

Sponsors: Senators Gunn (Primary Sponsor); and Pate.

Referred to: Commerce.

March 30, 2015

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.