

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 565

Short Title: Variable Rate Loans.

(Public)

Sponsors: Senator Reeves.

Referred to: Commerce.

April 1, 1997

A BILL TO BE ENTITLED

1 AN ACT TO CLARIFY THE APPLICATION OF THE COMMISSIONER OF BANK'S
2 RATE TO VARIABLE RATE LOANS WITH ADJUSTMENT PERIODS
3 GREATER THAN ONE MONTH AND TO REPEAL THE LAWS GOVERNING
4 VARIABLE RATE LOANS OF MANUFACTURED HOMES AND
5 INSTALLMENT RATES AND FEES.
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7 The General Assembly of North Carolina enacts:

8 Section 1. G.S. 24-1.1(c) reads as rewritten:

9 "(c) On the fifteenth day of each month, the Commissioner of Banks shall
10 announce and publish the maximum rate of interest permitted by subdivision (1) of this
11 section on that date. Such rate shall be the latest published noncompetitive rate for U.S.
12 Treasury bills with a six-month maturity as of the fifteenth day of the month plus six
13 percent (6%), rounded upward or downward, as the case may be, to the nearest one-half
14 of one percent (1/2 of 1%) or sixteen percent (16%), whichever is greater. If there is no
15 nearest one-half of one percent (1/2 of 1%), the Commissioner shall round downward to
16 the lower one-half of one percent (1/2 of 1%). The rate so announced shall be the
17 maximum rate permitted for the term of loans made under this section during the
18 following calendar month when the parties to such loans have agreed that the rate of
19 interest to be charged by the lender and paid by the borrower shall not vary or be adjusted
20 during the term of the loan. The parties to a loan made under this section may agree to a

1 rate of interest which shall vary or be adjusted during the term of the loan in which case
2 the maximum rate of interest permitted on such loans during a month during the term of
3 the loan shall be the greater of the rate announced by the Commissioner in (i) the
4 preceding calendar ~~month~~-month or (ii) the calendar month preceding that in which the
5 rate is varied or adjusted."

6 Section 2. G.S. 24-1.1C and G.S. 24-1.2 are repealed.

7 Section 3. This act becomes effective October 1, 1997, and applies to loans
8 made on or after that date, and Section 1 of this act applies to variations or adjustments in
9 rates occurring on or after that date regardless of the date on which the loan was made.