

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 565
Commerce Committee Substitute Adopted 4/30/97

Short Title: Variable Rate Loans.

(Public)

Sponsors:

Referred to:

April 1, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO CLARIFY THE APPLICATION OF THE COMMISSIONER OF BANK'S
3 RATE TO VARIABLE RATE LOANS WITH ADJUSTMENT PERIODS
4 GREATER THAN ONE MONTH AND TO REPEAL THE LAWS GOVERNING
5 VARIABLE RATE LOANS OF MANUFACTURED HOMES AND
6 INSTALLMENT RATES AND FEES.
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
11 subsection (a) of this section on that date. Such rate shall be the latest published
12 noncompetitive rate for U.S. Treasury bills with a six-month maturity as of the fifteenth
13 day of the month plus six percent (6%), rounded upward or downward, as the case may
14 be, to the nearest one-half of one percent (1/2 of 1%) or sixteen percent (16%), whichever
15 is greater. If there is no nearest one-half of one percent (1/2 of 1%), the Commissioner
16 shall round downward to the lower one-half of one percent (1/2 of 1%). The rate so
17 announced shall be the maximum rate permitted for the term of loans made under this
18 section during the following calendar month when the parties to such loans have agreed
19 that the rate of interest to be charged by the lender and paid by the borrower shall not

1 vary or be adjusted during the term of the loan. The parties to a loan made under this
2 section may agree to a rate of interest which shall vary or be adjusted during the term of
3 the loan in which case the maximum rate of interest permitted on such loans during a
4 month during the term of the loan shall be the greater of the rate announced by the
5 Commissioner in (i) the preceding calendar month or (ii) the calendar month
6 preceding that in which the rate is varied or adjusted."

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 G.S. 24-1.1C and G.S. 24-1.2 are repealed.

8 Section 2.1. G.S. 24-1.2A reads as rewritten:

9 **"§ 24-1.2A. Equity lines of credit.**

10 (a) Notwithstanding any other provision of this Chapter, the parties to an equity
11 line of credit, as defined in G.S. 45-81, may contract in writing for interest at rates which
12 shall not exceed the maximum rates permitted under ~~G.S. 24-1.2(2a)~~; G.S. 24-1.1(c);
13 provided, however, that the parties may contract for interest rates which shall be
14 adjustable or variable, so long as for adjustable or variable rate contracts the rate in effect
15 for a given period does not exceed the maximum rate permitted under ~~G.S. 24-1.2(2a)~~ G.S.
16 24-1.1(c) for the same period.

17 (b) Fees may be charged on equity lines of credit which in the aggregate, over the
18 life of the contract based on the maximum limit of the line of credit, do not exceed those
19 permitted under G.S. 24-10. Any lender may charge a party to a loan or extension of
20 credit governed by this section a fee for the modification, renewal, extension, or
21 amendment of any terms of the loan or extension of credit, such fee not to exceed the
22 greater of one-quarter of one percent (1/4 of 1%) of the balance outstanding at the time of
23 the modification, renewal, extension, or amendment of terms, or fifty dollars (\$50.00)."

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