



# SENATE BILL 577: Consumer Credit/Default Charge.

2017-2018 General Assembly

<b>Committee:</b>	Senate Commerce and Insurance. If favorable, re-refer to Rules and Operations of the Senate	<b>Date:</b>	April 26, 2017
<b>Introduced by:</b>	Sen. Gunn	<b>Prepared by:</b>	Wendy Ray
<b>Analysis of:</b>	PCS to First Edition S577-CSSU-24		Staff Attorney

**OVERVIEW:** Senate Bill 577 would increase the allowable default charge for a past due installment payment under a consumer credit installment sale contract from a maximum of \$6 to \$15.

**CURRENT LAW:** Chapter 25A of the General Statutes, the Retail Installment Sales Act, regulates consumer credit installment sales in North Carolina, including limits on finance charge rates and terms of payment. G.S. 25A-29 limits default charges on installments that are past due for 10 days or more to no more than 5% of the installment that is past due or \$6.00, whichever is less.

Under G.S. 25A-44(3), if a seller charges fees in excess of what is authorized, the buyer may recover the unauthorized charges. If the buyer doesn't receive a refund within 10 days of making a written request, the seller is liable for three times the improper charges.

**BILL ANALYSIS:** Senate Bill 577 would amend G.S. 25A-29 to increase the allowable default charge for an overdue installment payment under a consumer credit installment sale contract. The bill would change the fee from no more than 5% of the overdue installment or \$6, whichever is less, to \$15.

**EFFECTIVE DATE:** The bill would be effective when it becomes law and would apply to charges imposed on or after that date.

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