



HOUSE BILL 327: Fees/Returned Checks/Loan Processing.

2019-2020 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	Date:	April 16, 2019
Introduced by:	Reps. Szoka, Jones, Goodman, Wray	Prepared by:	Amy Darden
Analysis of:	First Edition		Staff Attorney

OVERVIEW: House Bill 327 would:

- *Increase the maximum fee that a merchant can charge when a customer's check is returned from \$25 to \$35*
- *Increase the maximum processing fee for a loan under the North Carolina Consumer Finance Act as follows:*
 - *Current law: \$25 for loans up to \$2,500 and 1% with a \$40 cap for loans above \$2,500*
 - *Proposed law: \$50 for loans up to \$5,000 and 1% with no cap for loans above \$5,000*

[As introduced, this bill was identical to S529, as introduced by Sens. Gunn, D. Davis, which is currently in Senate Rules and Operations of the Senate.]

CURRENT LAW AND BILL ANALYSIS: House Bill 327 would increase the maximum fee under the Uniform Commercial Code (UCC) for a returned check from \$25 to \$35. The fee was last increased by S.L. 1997-334 from \$20 to \$25, effective October 1, 1997.

House Bill 327 would also increase the maximum processing fee for a loan under the North Carolina Consumer Finance Act. Currently, the Act allows \$25 fee for loans up to \$2,500 and 1% fee with a \$40 cap for loans above \$2,500. House Bill 327 would authorize \$50 fee for loans up to \$5,000 and 1% fee with no cap for loans above \$5,000. The fee was last modified by S.L. 2001-519 from "a reasonable credit investigation charge . . . not to exceed the actual cost of the credit investigation" to a fee of \$25 or 1% with \$40 cap, effective January 1, 2002.

The Act (Chapter 53, Article 15) authorizes the Office of the Commissioner of Banks to license and supervise finance companies that offer installment loans to NC consumers. The Act authorizes interest rates on loans in excess of the limits otherwise applicable under Chapter 24. The Act does not apply to: lenders that do not charge rates in excess of those permitted by Chapter 24, banks, trust companies, savings and loan associations, cooperative credit unions, and pawn brokers.

EFFECTIVE DATE: House Bill 327 would be effective October 1, 2019, and apply to checks written and loan contracts made on or after that date.

Greg Roney, Staff Attorney, substantially contributed to this summary.

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