



SENATE BILL 162: Loan Origination/Late Payment Charge Changes.

2019-2020 General Assembly

Committee:	Senate Commerce and Insurance. If favorable, re-refer to Rules and Operations of the Senate	Date:	March 7, 2019
Introduced by:	Sens. Krawiec, Rabon, Lowe	Prepared by:	Amy Darden
Analysis of:	First Edition		Committee Counsel

OVERVIEW: Senate Bill 162 makes technical and clarifying changes, adjusts the loan origination fee for banks, and adjusts the late payment charge for certain loans.

[As introduced, this bill was identical to H223, as introduced by Reps. Conrad, Jones, Grange, B. Turner, which is currently in House Banking.]

CURRENT LAW and BILL ANALYSIS:

Origination Fee:

Currently, any bank or savings institution may charge an origination fee not to exceed the greater of ¼ of 1% or \$50.00, on loans or extensions of credit under \$300,000 and not secured by real property. S162 would adjust the amount of the origination fee allowed by banks of savings institutions as follows:

Principal Amount	Maximum Origination Fee
\$0 to \$1,499.99	\$100.00
\$1,500 to \$19,999.99	\$150.00
\$20,000 to \$29,999.99	\$175.00
\$30,000 to \$49,999.99	\$200.00
\$50,000 to \$99,999.00	\$250.00
\$100,000 - \$300,000	¼ of 1% of loan amount

S162 also limits the annual percentage rate (APR) to 36% or less, inclusive of origination fees and interest, on loans or extensions of credit given by banks or savings institutions, not secured by real property, if:

- The loan or extension of credit has a principal amount less than \$5,000;
- The borrower is a natural person; and
- The debt is incurred primarily for personal, family, or household purposes.

Karen Cochrane-Brown
Director



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Late Fee:

Currently, Chapter 24 limits late fees to 4% of the amount of the payment past due or less. S162 allows banks or savings institutions to charge the greater of \$35.00 or 4% of the amount of the payment past due as a late fee on a loan or extension of credit, made by a bank or savings institution, not secured by real property, and where the original principal balance is greater than or equal to \$1,500. The late payment must be at least 30 days past due for a loan where interest is paid in advance or at least 15 days past due on any other loan.

EFFECTIVE DATE: The Bill becomes effective when it becomes law, and applies to contracts entered into, renewed, or modified on or after that date.