



This Bill Analysis reflects the contents of the bill as it was presented in committee.

SENATE BILL 529: Fees/Returned Checks/Loan Processing.

2019-2020 General Assembly

Committee:	Senate Commerce and Insurance. If favorable, re-refer to Rules and Operations of the Senate	Date:	May 2, 2019
Introduced by:	Sens. Gunn, D. Davis	Prepared by:	Amy Darden
Analysis of:	First Edition		Committee Counsel

OVERVIEW: Senate Bill 529 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 H327, as introduced by Reps. Szoka, Jones, Goodman, Wray, which is currently in House Rules, Calendar, and Operations of the House.]

CURRENT LAW and BILL ANALYSIS: Senate Bill 529 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.

Senate Bill 529 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. Senate Bill 529 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: Senate Bill 529 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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