



2023-2024 General Assembly

SENATE BILL 382: Disaster Relief-3/Budget/Various Law Changes, Sec. 2E.4: Clarify Authority to Modify Loan and Technical Correction to Consumer Finance Act

Committee:		Date:	December 16, 2024
Introduced by:		Prepared by:	Karyl Smith Staff Attorney
Analysis of:	Sec. 2E.4 of S.L. 2024-57		

OVERVIEW: Section 2E.4(a) of S.L. 2024-57 modifies the North Carolina Consumer Finance Act (Act) by adding the following limitations and prohibitions on loan practices and agreements:

- A loan contract can be modified or restructured if the interest rate after the original maturity date does not exceed 8% per annum.
- A loan modification or restructuring can provide for a reduction of interest rate, reduction of principal, reduction in the amount of accrued interest, suspension of or modification of payment amounts, extension of the term of the loan, or any combination of these terms.
- A modification of payment amounts for the term of a loan modification or restructuring must not provide for a balloon payment and is not subject to the requirement that a loan contract provide for the repayment of the amount loaned in substantially equal installments at approximately equal periodic intervals of time.
- A licensee must document the terms of any agreement to modify or restructure an existing loan contract by setting forth the terms of the modified or restructured loan in its loan records and provide to the borrower a written notice of the changes.
- A licensee must not charge a borrower a fee to modify or restructure a loan unless a licensee, by agreement with the borrower, collects a deferral charge and defers the due date of all or part of one or more installments under an existing loan contract.
- A licensee must not require additional collateral as a condition for a loan modification or restructuring.

Section 2E.4(b) of S.L. 2024-57 makes a technical correction to the Act.

This bill was vetoed by the Governor on November 26, 2024, and that veto was overridden by the General Assembly on December 11, 2024. Section 2E.4(a) became effective December 11, 2024, and applies to loan contracts modified or restructured on or after that date. Nothing in Section 2E.4(a) invalidates or impairs a loan modification or restructuring that occurred prior to December 11, 2024. The remainder of this section became effective December 11, 2024.

Kara McCraw
Director



Legislative Analysis
Division
919-301-1976