



North Carolina Increases Loan Origination Fees, Revises Late Payment Charge, and Places 36% Rate Cap on Loans of Less than \$5,000 for Non-Real Property Secured Closed-End Loans

April 11th, 2019

On April 1, 2019, North Carolina enacted SB 162, which amends two sections of North Carolina's Interest Chapter – [N.C. Gen. Stat. § 24-1.1](#) and [N.C. Gen. Stat. § 24-10.1](#). The amendments are applicable to consumer-purpose, closed-end loans, not secured by real property made by a bank or savings bank organized under the laws of North Carolina or the United States.

The amendment of Section 24-1.1 revises the origination fee that may be charged on loans from the greater of $\frac{1}{4}$ of 1% of the outstanding balance or \$50 on all loans to $\frac{1}{4}$ of 1% for loans with a principal amount of \$100,000 or more. For loans with a principal amount less than \$100,000, the origination fee is a stepped fee, ranging from \$100 to \$250 based on the principal amount of the loan. A new provision added to Section 24-1.1 governs loans of less than \$5,000, capping the APR, inclusive of origination fees, at 36%.

The late fee in Section 24-10.1 is amended as to loans with an original principal amount of \$1,500 or more from 4% of the amount of the payment past due to the greater of \$35 or 4% of the amount of the payment past due. Otherwise, the late fee in Section 24-10.1 remains the same.

[Senate Bill 162](#)

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