

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

S

4

SENATE BILL 34

Banks and Thrift Institutions Committee Substitute Adopted 3/21/91

House Committee Substitute Favorable 6/18/91

Fourth Edition Engrossed 7/3/91

Short Title: Rule of 78s/Mobile Homes.

(Public)

Sponsors:

Referred to:

February 6, 1991

A BILL TO BE ENTITLED

1 AN ACT TO ABOLISH THE USE OF THE RULE OF 78s AS IT PERTAINS TO
2 INSTALLMENT LOANS SECURED BY REAL PROPERTY OR MOBILE
3 HOMES.
4

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 25A-2(a) reads as rewritten:

7 "(a) Except as provided in subsection (c) of this section, a 'consumer credit sale' is
8 a sale of goods or services in which

9 (1) The seller is one who in the ordinary course of business regularly
10 extends or arranges for the extension of consumer credit, or offers to
11 extend or arrange for the extension of such credit,

12 (2) The buyer is a natural person,

13 (3) The goods or services are purchased primarily for a personal, family,
14 household or agricultural purpose,

15 (4) Either the debt representing the price of the goods or services is
16 payable in installments or a finance charge is imposed, and

17 (5) The amount financed does not exceed twenty-five thousand dollars
18 (\$25,000) or, in the case of a debt secured by real property or a
19 manufactured home as defined in G.S. 143-145(7), regardless of the
20 amount financed."

1 Sec. 2. Chapter 25A of the General Statutes is amended by adding the
2 following new section to read:

3 **"§ 25A-32.1. Unearned finance charge credits on prepayment of loans secured by**
4 **real property and mobile home loans.**

5 (a) Notwithstanding any statutory or contractual provision to the contrary, in a
6 consumer credit installment sale contract with an amount financed of five thousand
7 dollars (\$5000.00) or more secured by real estate or by a residential manufactured home
8 as defined in G.S. 143-145(7), any buyer may satisfy the debt in full at any time before
9 maturity, and in so satisfying the debt, shall be credited with all unearned finance
10 charges as computed on the simple interest or actuarial method.

11 (b) If a seller obtains a judgment on a debt arising out of a consumer credit
12 installment sale described in subsection (a) of this section, or if the seller forecloses or
13 repossesses the collateral securing the debt, the seller shall credit the buyer with all
14 unearned finance charges as computed on the simple interest or actuarial method as if
15 the payment in full had been made on the date the judgment was obtained or 15 days
16 after the foreclosure or repossession occurred, whichever is earlier. If the seller obtains
17 a judgment and repossesses the collateral, the seller shall credit the buyer with all
18 unearned finance charges as if payment in full had been made on the date of the
19 judgment or 15 days after the repossession, whichever occurs earlier."

20 Sec. 3. This act becomes effective July 1, 1991, and applies to contracts made
21 on or after that date.