

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 1137

Short Title: NC Consumer Finance Act Amendments. (Public)

Sponsors: Representatives Hall, Mobley, Adams (Primary Sponsors); Bryant, Farmer-Butterfield, E. Floyd, Goforth, Harrison, Holliman, Lucas, Luebke, Parmon, Pierce, Ross, Whilden, and Wray.

Referred to: Financial Institutions, if favorable, Finance.

April 7, 2009

A BILL TO BE ENTITLED

AN ACT TO PROHIBIT THE WRITING OF CREDIT LIFE AND RELATED FORMS OF INSURANCE FOR LOANS ISSUED BY AN ENTITY THAT IS SUBJECT TO THE NORTH CAROLINA CONSUMER FINANCE ACT; AND TO AMEND THE USE OF RECORDING FEES COLLECTED PURSUANT TO THAT ACT.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 53-189 reads as rewritten:

**"§ 53-189. Insurance.**

(a) Credit life, credit accident and health, credit unemployment, and credit property insurance ~~may be written in accordance with the provisions of Article 57 of Chapter 58 of the General Statutes.~~ shall not be written for any loan that is subject to this Article, nor shall a debt cancellation agreement or a debt suspension agreement be written for such a loan.

(b) ~~The premium or cost of credit life, credit accident and health, credit unemployment, or credit property insurance, when written by or through any lender or other creditor, its affiliate, associate or subsidiary shall not be deemed as interest or charges or consideration or an amount in excess of permitted charges in connection with the loan or credit transaction and any gain or advantage to any lender or other creditor, its affiliate, associate or subsidiary, arising out of the premium or commission or dividend from the sale or provision of such insurance shall not be deemed a violation of any other law, general or special, civil or criminal, of this State, or of any rule, regulation or order issued by any regulatory authority of this State."~~

**SECTION 2.** G.S. 53-177 reads as rewritten:

**"§ 53-177. Recording fees.**

The licensee may collect from the borrower the amount of any fees necessary to file or record its security interest with any public official or agency of a county or the State as may be required pursuant to Article 9 of Chapter 25 of the General Statutes or G.S. 20-58 et seq. Upon full disclosure to the borrower on how the fees will be applied, such fees ~~may either (i) shall~~ be paid by the licensee to such public official or agency of the county or State, ~~or (ii) in lieu of recording or filing, applied by the licensee to purchase nonfiling or nonrecording insurance on the instrument securing the loan, or (iii) be retained by a licensee that elects to self insure against the loss of a security interest by reason of not filing or recording its security instrument.~~ Provided, however, the amount collected by the licensee from the borrower for the purchase of a nonfiling or nonrecording insurance policy, or for self insurance, shall be the premium amount for such insurance as fixed by the Commissioner of Insurance. Such premium shall be at least one dollar (\$1.00) less than the cost of recording or filing a security interest. ~~Provided further, a State. A licensee shall not collect or permit to be collected any notary fee in~~



1 connection with any loan made under this Article, nor may a licensee collect any fee from the  
2 borrower for the cost of releasing a security interest except such fee as actually paid to any  
3 public official or agency of the county or State for such purpose."

4           **SECTION 3.** This act is effective when it becomes law and applies to loans made  
5 after that date.