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Table 1. Maximum Allowable Interest Rates on Loans in North Carolina

Type of Lender (Statute)	Amount Lent	Security	Interest Rate	Other Allowable Charges
Bank, credit union, savings and loans, and individual (G.S. 241.1, -10, 10.1)	\$25,000 or less	Any property (but not home loan secured by first deed of trust)	Greater of 16% or noncompetitive rate for U.S. Treasury bills with six-month maturity plus 6%. Rate set monthly by N.C. Commissioner of Banks.	Late payment charge up to 4% of outstanding balance. Prepayment fee of 2% if prepaid within 3 years of 1 st payment for contract loan. Greater of ¼% of 1% of balance or \$50 for modification of loan.
Bank, credit union, savings and loans, and individual (G.S. 24-11)	Extension of credit on open-end credit or revolving credit charges.	Any property if monthly periodic rate is 1¼% or less. No property if rate is over 1¼%.	1½% per month (18% per year) on unpaid balance	Annual charge of no more than \$24. Late payment fee of \$5 for unpaid balance less than \$100 and \$10 for balance of \$100 or more
Finance Company (G.S. 53-176, -177, -177.1, -180, -189, G.S. 25A-30)*	\$25,000 or less	Any personal property	Prejudgment: Loan of \$12,000 or less- 33% per year on unpaid principal to \$4,000, 24% on unpaid principal between \$4,000 & \$8,000, and 18% per year on the remainder. Loan of more than \$12,000, 18% per year. Postjudgment: 8%	Processing fee not to exceed \$30 for loans up to \$3,000 and 1% for loans over \$3000 but max. of \$150. Late fee \$18. Deferral charge of 1½% of amount deferred. Fee for purchase of insurance policy in lieu of recording. Electronic transaction fees charged by non-affiliate third party.

Penalties

Banks, credit unions, individuals: Knowingly charging greater rate of interest than allowable forfeits entire interest on loan and borrower may recover twice the amount of interest actually paid. (G.S. 24-2)

Finance companies: Violations of the North Carolina Consumer Finance Act (G.S. Ch. 53, Art. 15) is a class 1 misdemeanor. Also, contract is void unless violation is the result of accidental or bona fide error of computation. Lender has no right to collect or retain any principal or interest with respect to the loan. Borrower would have an action against the lender to recover any principal or interest paid. (G.S. 53-166)

*Note additional requirements for loans to certain military service members. (G.S. 53-180.1)

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Table 2. Maximum Allowable Finance Charges on Sale of Consumer Goods or Services in North Carolina: G.S. 25A-14 THROUGH -15

Property Sold	Security Taken	Amount Financed	Allowable Finance Charge ¹	Other Allowable Charges
Any personal property or services to be used for personal household, family, or agricultural purposes	Property or property previously sold by seller to buyer in which seller has existing security interest	Less than \$3,000	24% \$5 minimum	Damage to property; credit, life, accident insurance charges if comply with truth-in-lending Official fees paid by the seller for determining the existence or for perfecting, releasing, satisfying a security interest, or in lieu thereof, premiums for insurance to protect seller if not more than official fees charged
		\$3,000 or more	18% \$5 minimum	
Motor vehicle 1 to 3 model years old ²	Property sold or property previously sold by seller to buyer in which seller has existing security interest	\$75,000 or less	Higher of 20% or amount allowable under personal property category (above)	Default charge for installment past due at least 10 days \$18. Written, dated deferral agreement may provide for charge of 1½% of each installment for each month from date installment would have been due
Motor vehicle 4 to 5 model years old			Higher of 26% or amount allowable under personal property category (above)	
Motor vehicle 6 model years old or older			30%	
Personal property to be affixed on real property	Real property to which property sold is affixed	\$1,000 or more	16%	
Personal property on revolving charge account	Property sold or property previously sold by seller to buyer in which seller has existing security agreement for which case price is \$100 or more.		1.5% per month (18% per year)	Damage to property; credit, life, accident insurance charges if comply with truth-in-lending. Late payment fee of \$5 for unpaid balance less than \$100 and \$10 for balance of \$100 or more

¹ Finance charge is the sum of all charges payable directly or indirectly by the buyer and imposed by the seller as an incident to the extension of credit. It includes interest, price differential, service charge, loan fee, finder's fee, appraisal report, investigation report, credit report, and any nonexcluded insurance fees. (G.S. 25A-8)

² A motor vehicle is one model year old on January 1 of the year following the designated year model of the vehicle.

Penalties (G.S. 25A-44)

1. If contract requires payment of not more than twice the permitted finance charge, seller cannot recover any finance charge, and seller is liable to buyer for twice the amount of finance charges already paid, plus reasonable attorneys' fees.
2. If contract requires payment of more than twice the permitted finance charge, contract is void. Buyer can keep the goods and seller is not entitled to recover anything.
3. If charges for authorized fees (default, etc.) are in excess of allowable rate, buyer can demand a refund in writing; if seller fails to refund excess within 10 days, seller is liable for three times the amount of overpaid fee.
4. Knowing and willful violation constitutes unfair and deceptive practice.