

MAXIMUM ALLOWABLE INTEREST RATES ON LOANS IN NORTH CAROLINA

Type of Lender	Amount Lent	Security	Interest Rate	Other Allowable Charges
Bank, credit union, savings and loans, and individual (G.S. 24-1.1, -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 will be set monthly by Comm'r of Banks.	Late payment charge up to 4% of outstanding balance. Prepayment fee of 2% if prepaid within 3 years of 1st payment for contract loan. Fee of ¼% of 1% of balance 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 charge 1¼% or less. No property if over 1¼%	1½% per month (18% per year) on unpaid balance	Annual charge of no more than \$24. Late pyt fee of \$5 for unpaid balance less than \$100 and \$10 for balance of \$100 or more
Finance company-- (G.S. 53-176, -177, -180, -189, G.S. 25A-30)*	\$15,000 or less	Any personal property	Prejudgment: Loan of \$10,000 or less--30% 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 \$10,000, 18% per year. Postjudgment: 8%	Processing fee not to exceed \$25 for loans up to \$2,500 and 1% for loans over \$2,500, but max. of \$40. \$15 late fee. Deferral charge of 1 ½ % of amount deferred. Fee for purchase of insurance policy in lieu of recording.

PENALTIES:

Banks, credit union, 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: Misdemeanor with punishment of \$500 to \$2,500 fine and/or imprisonment for 4 months to 2 years. Also contract is void unless violation 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. 153-166)

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

