

NORTH CAROLINA GENERAL ASSEMBLY
1971 SESSION

CHAPTER 448
HOUSE BILL 126

AN ACT TO AMEND G.S. 24-1.2(b) TO REDEFINE TERM "FIRST SECURITY INSTRUMENT".

The General Assembly of North Carolina do enact:

Section 1. G.S. 24-1.2(b) is amended by deleting therefrom "Under the provisions of this section" in the fourth sentence and inserting in lieu thereof "For the purposes of the preceding sentence," so that G.S. 24-1.2(b), as amended, shall read as follows:

"(b) On installment loans not exceeding three hundred thousand dollars (\$300,000.00) not secured by a first security instrument on real property, payable at least quarterly in substantially equal payments of principal and interest, or substantially equal payments of principal, upon a written agreement signed by the parties the rate of interest shall not exceed twelve percent (12%) per annum computed on the outstanding balance, provided a minimum charge of ten dollars (\$10.00) or one dollar (\$1.00) per payment may be agreed to and charged in lieu of interest. The borrower may prepay all or any part of the loan without penalty. No lender or lending agent which holds or makes a loan secured by a first security instrument on real property shall make within the first year from the date of the making of the loan secured by the first security instrument a loan secured by a subordinate security instrument on the same property which shall exceed twenty percent (20%) of the original amount of the loan secured by the first security instrument on such real property. For the purposes of the preceding sentence, a first security instrument is a first mortgage or first deed of trust on real property securing a loan payable in equal installments of principal and interest or equal installments of principal over a period of at least ten years, such installments to have been paid at least annually. The maturity date of loans made under this section shall not be less than one year from the date of the advance."

Sec. 2. This act shall become effective upon ratification.

In the General Assembly read three times and ratified, this the 26th day of May, 1971.