

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 129

Short Title: Prepayment/Home Loans.

(Public)

Sponsors: Representatives Morgan; and Wood.

Referred to: Commerce.

February 21, 1991

A BILL TO BE ENTITLED

AN ACT ESTABLISHING THE CALCULATION OF REBATES ON
PREPAYMENT OF INSTALLMENT LOANS SECURED BY REAL PROPERTY
OR MOBILE HOMES.

The General Assembly of North Carolina enacts:

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

"§ 25A-2. 'Consumer credit sale' defined.

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

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

(2) The buyer is a natural person,

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

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

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

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

1 **"§ 25A-32.1. Unearned finance charge credits on prepayment of mobile home loans**
2 **and loans secured by real property.**

3 Notwithstanding any statutory or contractual provision to the contrary, in a
4 consumer credit installment sale contract secured by real property or by a residential
5 manufactured home as defined in G.S. 143-145(7), any buyer may satisfy the debt in
6 full at any time before maturity, and in so satisfying such debt, shall be credited with all
7 unearned finance charges.

8 If a seller obtains a judgment on a debt arising out of a consumer credit installment
9 sale secured by real property or by a residential manufactured home as defined in G.S.
10 143-145(7), or if the seller forecloses or repossesses the collateral securing the debt, the
11 seller shall credit the buyer with all unearned finance charges as if the payment in full
12 had been made on the date the judgment was obtained or 15 days after the repossession
13 occurred, whichever is earlier. If the seller obtains a judgment and repossesses the
14 collateral, the seller shall credit the buyer with all unearned finance charges as if
15 payment in full had been made on the date of the judgment or 15 days after the
16 repossession, whichever occurs earlier."

17 Sec. 3. This act is effective upon ratification and applies to prepayments made
18 on or after that date.