

§ 24-1.1. Contract rates and fees.

(a) Except as otherwise provided in this Chapter or other applicable law, the parties to a loan, purchase money loan, advance, commitment for a loan, or forbearance, other than a credit card, open-end, or similar loan, may contract in writing for the payment of interest not in excess of the following:

- (1) Where the principal amount is twenty-five thousand dollars (\$25,000) or less, the rate set under subsection (c) of this section.
- (2) Any rate agreed upon by the parties where the principal amount is more than twenty-five thousand dollars (\$25,000).

(b) As used in this section, interest shall not be deemed in excess of the rates provided where interest is computed monthly on the outstanding principal balance and is collected not more than 31 days in advance of its due date. Nothing in this section authorizes the charging of interest on committed funds prior to the disbursement of the funds.

(c) On the fifteenth day of each month, the Commissioner of Banks shall announce and publish the maximum rate of interest permitted by subdivision (1) of subsection (a) of this section on that date. The rate shall be the latest published noncompetitive rate for U.S. Treasury bills with a six-month maturity as of the fifteenth day of the month plus six percent (6%), rounded upward or downward, as the case may be, to the nearest one-half of one percent (1/2 of 1%) or sixteen percent (16%), whichever is greater. If there is no nearest one-half of one percent (1/2 of 1%), the Commissioner shall round downward to the lower one-half of one percent (1/2 of 1%). The rate so announced shall be the maximum rate permitted for the term of loans made under this section during the following calendar month when the parties to the loans have agreed that the rate of interest to be charged by the lender and paid by the borrower shall not vary or be adjusted during the term of the loan. The parties to a loan made under this section may agree to a rate of interest that shall vary or be adjusted during the term of the loan in which case the maximum rate of interest permitted on the loans during a month during the term of the loan shall be the greater of the rate announced by the Commissioner in (i) the preceding calendar month or (ii) the calendar month preceding that in which the rate is varied or adjusted.

(d) Any bank or savings institution organized under the law of North Carolina or of the United States may charge a party to a loan or extension of credit governed by this section a fee for the modification, renewal, extension, or amendment of any terms of the loan or extension of credit. The fee shall not exceed the greater of one-quarter of one percent (1/4 of 1%) of the balance outstanding at the time of the modification, renewal, extension, or amendment of terms, or fifty dollars (\$50.00).

(e) Any bank or savings institution organized under the law of North Carolina or of the United States may charge a party to a loan or extension of credit not secured by real property governed by this section an origination fee as follows:

- (1) For a loan or extension of credit with a principal amount of one hundred thousand dollars (\$100,000) or greater, the maximum origination fee is one quarter of one percent (1/4 of 1%) of the principal amount.
- (2) For a loan or extension of credit with a principal amount less than one hundred thousand dollars (\$100,000), the origination fee shall not exceed the amounts in the following table:

| Principal Amount | Maximum Origination Fee |
|-------------------------|--------------------------------|
| \$0 to \$1,499.99 | \$100.00 |
| \$1,500 to \$19,999.99 | \$150.00 |
| \$20,000 to \$29,999.99 | \$175.00 |
| \$30,000 to \$49,999.99 | \$200.00 |
| \$50,000 to \$99,999.99 | \$250.00 |

- (3) If (i) the loan or extension of credit has a principal amount less than five thousand dollars (\$5,000), (ii) the borrower is a natural person, and (iii) the debt is incurred primarily for personal, family, or household purposes, the loan or extension of credit shall not have an annual percentage rate that exceeds thirty-six percent (36%), inclusive of the origination fees permitted by this subsection and the interest permitted by subsection (c) of this section. For purposes of this subsection, "annual percentage rate" shall be calculated in accordance with the federal Consumer Credit Protection Act, Chapter 41 of Title 15 of the United States Code, (Truth in Lending Act) and the regulations adopted under it.

(f) This section does not limit fees on loans or extensions of credit in excess of three hundred thousand dollars (\$300,000). (1969, c. 1303, s. 1; 1977, c. 778, ss. 1, 3; c. 779, s. 1; 1979, c. 138, s. 1; 1981, c. 465, s. 1; c. 934, s. 1; 1985, c. 663, s. 1; 1991, c. 506, s. 2; 1998-119, s. 1; 1999-75, s. 1; 2019-10, s. 1.)