

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 508

Short Title: Lower Cap on Credit Card Interest. (Public)

Sponsors: Representative Lowery.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Commerce and Economic Development, if favorable, Finance, if favorable, Rules, Calendar, and Operations of the House

March 26, 2025

A BILL TO BE ENTITLED
AN ACT TO LOWER THE CAP ON CREDIT CARD INTEREST AND TO MAKE
TECHNICAL CHANGES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 24-11 reads as rewritten:

"§ 24-11. Certain revolving credit charges.

(a) On the extension of credit under an open-end credit or similar plan (including revolving credit card ~~plans, plans~~ and revolving charge accounts, but excluding any loan made directly by a lender under a check loan, check ~~credit-credit~~, or ~~other such similar plan~~) under which no service charge shall be imposed upon the consumer or debtor if the account is paid in full within 25 days from the billing date, but upon which there may be imposed an annual charge not to exceed twenty-four dollars (\$24.00), there may be charged and collected interest, finance ~~charges-charges~~, or other fees at a rate in the aggregate not to exceed ~~one and one-half percent (11/2%)~~ one and seventeen hundredths percent (1.17%) per month computed on the unpaid portion of the balance of the previous month less payments or credit within the billing cycle or the average daily balance outstanding during the current billing period.

(a1) If the lender chooses not to impose an annual charge under this section, the lender may impose a service charge not to exceed two dollars (\$2.00) per month on the balance of any account ~~which that~~ is not paid in full within 25 days from the billing date.

(a2) No person, ~~firm-firm~~, or corporation ~~may-shall~~ charge a discount or fee in excess of six percent (6%) of the principal amount of the accounts acquired from or through any vendors or others providing services ~~who-that~~ participate in ~~such-the~~ plan.

(b) On revolving credit loans (including check loans, check ~~credit-credit~~, or other revolving credit plans ~~whereby by which~~ a bank, banking ~~institution-institution~~, or other lending agency makes direct loans to a borrower), if agreed to in writing by the borrower, ~~such-the~~ lender may collect interest and service charges by application of a monthly periodic rate computed on the average daily balance outstanding during the billing ~~period, such rate-period~~ at a rate not to exceed one and one-half percent (11/2%).

(c) ~~Any-An~~ extension of credit under an open-end or similar plan under which there is charged a monthly periodic rate greater than one and one-quarter percent (11/4%) ~~may-shall not~~ be secured by real or personal property or any other thing of ~~value, provided, that this subsection shall-value.~~ This subsection, however, does not apply to consumer credit sales regulated by Chapter 25A, the Retail Installment Sales Act; provided further, that in any Chapter 25A ("Retail Installment Sales Act") of the General Statutes. In an action initiated for the possession of



property in which a security interest has been taken, a judgment for the possession ~~thereof of the~~
property shall be restricted to commercial units (as defined in G.S. 25-2-105(6)) for which the
cash price was one hundred dollars (\$100.00) or more.

(d) ~~The~~ In this section, the term "billing date" ~~shall mean means~~ any date selected by the
creditor and the creditor. The bill for the balance of the account ~~must shall~~ be mailed to the
customer at least 14 days prior to the date specified in the statement as being the date by which
payment of the new balance ~~must shall~~ be made in order to avoid the imposition of any finance
charge.

(d1) A lender may charge a party to a loan or extension of credit governed by this section
a late payment charge not to exceed five dollars (\$5.00) on accounts having an outstanding
balance of less than one hundred dollars (\$100.00) and ten dollars (\$10.00) on accounts having
an outstanding balance of one hundred dollars (\$100.00) or more, for any payment past due for
30 days or ~~more; provided, in more.~~ In no case shall the late charge exceed the outstanding
principal balance. If a late payment charge has been once imposed with respect to a late payment,
no late charge shall be imposed with respect to any future payment ~~which that~~ would have been
timely and sufficient but for the previous default.

(e) An annual or service charge pursuant to this section upon an existing credit card
account upon which the charge has not previously been imposed ~~may shall~~ not be imposed unless
the lender has given the cardholder at least 30 ~~days days'~~ notice of the proposed ~~charge, charge~~
and has advised the cardholder of ~~his the~~ cardholder's right not to accept the new charge. This
notice shall be bold and ~~conspicuous, conspicuous~~ and shall be on the face of the periodic billing
statement or on a separate statement ~~which that~~ is clearly noted on the face of the periodic billing
statement provided to the cardholder. If the cardholder does not accept the new charge upon an
existing credit card account, the lender may require that the cardholder make no further use of
the account beyond the 30-day period in order to avoid paying the annual charge, but the
cardholder ~~shall be is~~ entitled to pay off any remaining balance according to the terms of the
credit agreement. Nothing in this subsection ~~shall limit limits~~ the lender from decreasing any
rates or fees to the ~~cardholder forthwith. Should any cardholder.~~ If a cardholder within 12 months
of the initial imposition of an annual charge ~~rescind his rescinds the cardholder's~~ credit card
contract and ~~surrender surrenders~~ all cards issued under the contract to the lender, ~~he shall be the~~
cardholder is entitled to a prorated refund of the annual fee previously charged, credited to the
cardholder's credit card account."

SECTION 2. This act becomes effective October 1, 2025, and applies to interest,
finance charges, and fees charged on or after that date.