**North Carolina Legislative Update**

 **November, 2018**

A new House Select Committee on Banking and Loan Origination Fee Reform held its initial meeting in September and began its review of North Carolinas’ usury laws contained in Chapter 24 of the North Carolina General Statutes. This review comes as a follow-up to debate and discussions regarding proposed adjustments to late payment chargers for certain loans that occurred at the General Assembly at the end of the long session.

The committee membership is – Chairman Rep. Howard and Vice Chair Rep. Conrad. Members are Rep. Bell, Rep. Brawley, Rep. Destin Hall, Rep. K. Hall, Rep. Hardister, Rep. Jones, Rep. Lambeth, Rep. Lucas, Rep. Saine, Rep. Setzer, Rep. Szoka, and Rep. Terry. The stated goal of the committee is a review of the usury laws to modernize the North Carolina laws in a way to make it easier to read and to align it with federal law to avoid duplication of regulation.

Your MBAC is working with a stakeholder group, coordinated by the NC Bankers Association, to draft legislation that would transfer what is within the existing Chapter 24 into a new Chapter 24A, reorganizing it to make it easier to read and understand, adjust for inflation, create more parity with out-of-state lenders, eliminate ambiguities and align federal and state tests.

Of significant interest to the MBAC membership will be the effort to align the state test for high-cost loans (§24-1.1E) and rate spread loans (§24-1.1F) with federal regulation tests and thereby create consistency with state law and federal law.

Stakeholder working group meetings will continue with a goal of having a draft to the Select Committee in time so that the legislation might be considered in the 2019 Long Session of the General Assembly which begins January 27, 2019.