

MEMORANDUM

From:	Stephanie White, Chief Deputy Commissioner <i>SRW</i>
Date:	February 16, 2023
Subject:	Clarification of the Scope of the Consumer Finance Act, Article 15

The North Carolina Office of the Commissioner of Banks (NCCOB) issues this memorandum to the public to respond to inquiries and provide clarification regarding the type of loans and financial institutions subject to the North Carolina Consumer Finance Act (CFA), [Article 15](#) of [Chapter 53](#) of the North Carolina General Statutes (NCGS).

Effective June 19, 1961, the CFA was enacted to protect consumers and provide a licensing and regulatory framework for non-depository lenders. The CFA regulates businesses that engage in the lending of \$15,000 or less to consumers at interest rates higher than those allowed under the State’s usury laws outlined by [Chapter 24](#) of the NCGS. Under the CFA, lenders are limited to the specific interest rates described in the following chart:

Loan Amount Up to \$10,000*	Interest Rate
0-4,000	30%
>4,000-8,000	24%
>8,000-10,000	18%

*Reference: NCGS § [53-176\(a\)](#); rates are blended.

Where a loan is greater than \$10,000, the interest rate shall not exceed 18%.

Persons that intend to “contract for, exact or receive directly or indirectly, or in connection with any loans, any charges...which in the aggregate are greater than permitted by Chapter 24” must apply for a license with the NCCOB unless exempted under statute. A list of licensees can be located [here](#).

Licensure is not required for all businesses that make loans in North Carolina. A lender who lends an amount less than \$15,000 and charges an interest rate less than what is regulated under the CFA would not require a license. NCGS § [24-1](#) allows lenders to charge an interest rate of 8% while NCGS § [24-1.1](#) caps interest at 16% on a “loan, purchase money loan, advance, commitment for a loan or forbearance other than a credit card, open-end, or similar loan” of \$25,000 or less.

Several businesses are exempt from [Article 15](#) under NCGS § [53-191](#). These businesses include:

- Banks;
- Trust companies,
- Savings and loan associations;
- Cooperative credit unions;
- Agricultural credit corporations or associations organized under the laws of North Carolina;
- Production credit associations organized under the Farm Credit Act of 1933;
- Pawnbrokers lending or advancing money on specific articles of personal property;
- Industrial banks;
- A business that negotiates loans for real estate as defined in NCGS § [105-41](#); and
- Installment paper dealers as defined in NCGS § [105-83](#).

Only those lenders who make direct consumer loans and wish to charge interest rates above those allowed in [Chapter 24](#) — and who are not otherwise exempt under the CFA or operating under another lending law (such as the [Retail Installment Sales Act](#) (RISA)) — need be licensed by NCCOB.

Any applicant/licensee or unlicensed lender found to have violated the CFA is subject to disciplinary actions up to and including revocation, suspension, or surrender of its license under NCGS § [53-171\(a\)](#) unless it is considered an exempted business or falls under another lending law.

If you have any questions or need assistance, please contact the NCCOB at (919) 733-3016.
Thank you.