

G. Loan Agencies (G.S. 105-88)

1. Privilege Tax

An annual privilege tax of two hundred and fifty dollars (\$250.00) is levied on every person, firm, or corporation engaged in any of the following businesses for each location at which the business is conducted:

- The business of making loans or lending money, accepting liens on, or contracts of assignments of, salaries or wages, or any part thereof, or other security or evidence of debt for repayment of such loans in installment payment or otherwise.
- The business of check cashing regulated under Article 22 of Chapter 53 of the General Statutes.
- The business of pawnbroker regulated under Part 1 of Article 45 of Chapter 66 of the General Statutes.

2. Real Estate Loans – Loaning Own Funds

A person who, as agent, engages in the business of negotiating real estate loans using funds belonging to his loan correspondents is subject to real estate license under G.S. 105-41. A person making real estate loans in his own name with his own funds and selling those loans to insurance companies and other loan investment companies is subject to loan agency license under G.S. 105-88 unless meeting the exemption under subsection (b) of that section. A person engaging in both activities is subject to both licenses. (17 NCAC 04B.3301)

3. Real Estate Loans – Personal Property Collateral

A person who negotiates real estate loans for others and also includes as part of the collateral mortgages on automobiles or other personal property is subject to loan agency license under G.S. 105-88 and real estate license under G.S. 105-41. (17 NCAC 04B.3302)

4. Loan Statement Required

At the time of making any such loan, the person, or officer of the firm or corporation making the loan, must give to the borrower in writing in convenient form a statement showing the amount received by the borrower, the amount to be paid back by the borrower, the time in which the amount is to be paid, and the rate of interest and discount agreed upon. (G.S. 105-88(c))

5. Exempt Entities

This section does not apply to banks, industrial banks, trust companies, savings and loan associations, cooperative credit unions, the business of negotiating loans on real estate as described in G.S. 105-41, or insurance premium finance companies licensed under Article 35 of Chapter 58 of the General Statutes. (G.S. 105-88(b))

6. Noncompliance with G.S. 105-88

A loan made by a person who does not comply with this section is not collectible at law under G.S. 105-269.13.