

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 562
Second Edition Engrossed 4/15/97

Short Title: Increase Fees for Returned Checks.

(Public)

Sponsors: Senators Warren, Cooper; and Martin of Pitt.

Referred to: Commerce.

April 1, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE THE AMOUNT OF THE PROCESSING FEE CHARGED
3 FOR RETURNED CHECKS.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 25-3-506 reads as rewritten:

6 **"§ 25-3-506. Collection of processing fee for returned checks.**

7 A person who accepts a check in payment for goods or services may charge and
8 collect a processing fee, not to exceed ~~twenty dollars (\$20.00)~~, twenty-five dollars
9 (\$25.00), for a check on which payment has been refused by the payor bank because of
10 insufficient funds or because the drawer did not have an account at that bank if at the
11 time the consumer presented the check to the person, a sign:

- 12 (1) Was conspicuously posted on or in the immediate vicinity of the cash
13 register or other place where the check is received;
14 (2) Was in plain view of anyone paying for goods or services by check;
15 (3) Was no smaller than 8 by 11 inches; and
16 (4) Stated the amount of the fee that would be charged for returned checks.

17 When the drawer sends a check by mail for payment of a debt and the check is
18 dishonored and returned, the processing fee may be collected if the drawer was given
19 prior written notice that a fee would be charged for returned checks. Any document that

1 clearly and conspicuously states the amount of the fee that will be charged for returned
2 checks and is delivered to the drawer or his agent, or is mailed first-class mail to the
3 drawer at his last known address as part of any document requesting payment of a debt
4 satisfies this notice requirement for that payment only.

5 If a collection agency collects or seeks to collect on behalf of its principal a
6 processing fee as specified in this section in addition to the sum payable of a check, the
7 amount of such processing fee must be separately stated on the collection notice. The
8 collection agency shall not collect or seek to collect from the drawer any sum other than
9 the actual amount of the returned check and the specified processing fee."

10 Section 2. This act becomes effective October 1, 1997, and applies to checks
11 written on or after that date.