

## URGENT MEMO

TO: All check-cashing business licensees who are engaged in “payday lending”

FROM: Hal D. Lingerfelt, Commissioner of Banks

DATE: July 31, 2001

RE: N.C.G.S. § 53-281 extended; it will **sunset on August 31, 2001**

---

**Sunset of statute is still imminent.** In 1997, the NC Legislature enacted G.S. § 53-281 as the sole statutory basis for a check-cashing business to engage in post-dated or delayed deposit check-cashing transactions in this state. That law was set to expire on **July 31, 2001, but the General Assembly has now extended the sunset for thirty (30) days, until August 31, 2001.** We expect the Legislature to continue its consideration of legislation that would reform the current law and re-enact some form of payday lending authorization.

**Effect of sunset on delayed deposit transactions of licensees.** Check-cashing businesses which engage in transactions involving postdated or delayed deposit checks should take immediate action to: (1) monitor developments at the General Assembly concerning a reform and re-enactment of the law; and (2) prepare to **cease all such new agreements after August 31, 2001 if the law is not re-enacted.** Any delayed deposit checks that a licensee is holding as of August 31, 2001 may, of course, be held and then deposited in accordance with the licensee’s lawful contract with its customer. However, licensees should make no further payday loans after August 31, 2001 **if** the law sunsets. Licensees are without legal authority to enter such delayed deposit contracts after August 31 **if** the law sunsets.

**“Regular check cashing” business is unaffected.** The only portion of the law on “Check-cashing Businesses” that is affected by the sunset is delayed deposit check-cashing. The sunset does not affect in any way the authority of a licensee to cash a check made payable to the customer for a fee allowed by law. License renewals for these licenses will be mailed out soon.

**Inquiries.** Licensees should monitor legislative developments by visiting the legislature’s website: [www.ncga.state.nc.us](http://www.ncga.state.nc.us) or by calling our **information line at (919) 733-2978.**

**LICENSEES SHOULD VISIT THE OFFICE OF THE COMMISSIONER OF BANKS WEB SITE OR CALL (919) 733-2978 FOR FURTHER INFORMATION CONCERNING THE SUNSET OF THIS LAW!** Our website is: [www.banking.state.nc.us](http://www.banking.state.nc.us).