

1980 WL 121153 (S.C.A.G.)

Office of the Attorney General

State of South Carolina

April 7, 1980

*1 The Honorable W. Sterling Anderson
Representative
District No. 34
404-B Blatt Building
Columbia, South Carolina 29211

Dear Representative Anderson:

You have requested an opinion from this office as to the applicable rate of interest for a floor planning arrangement involving such items as mobile homes, automobiles, or boats. It is my understanding that the line of credit for the floor planning arrangement will exceed the amount of \$50,000.00. The amount that the dealer draws against this line of credit will vary, but will normally be close to the maximum allowed under the line of credit. I did not see any particular floor planning agreement, and I am, therefore, unable to determine whether the particular arrangement may affect the outcome of your question. However, speaking in general terms, the following rates would seem to apply to loans in the following amount:

a. \$1.00-\$24,999.00: Section 34-31-30 of the South Carolina Code of Laws, 1976, provides for a maximum rate on a written contract in the amount of eight (8%) percent.

b. \$25,000.00-\$50,000.00: Federal law (Public Law 96-161) has preempted state law until July 1, 1980 (I understand that a further extension of this Act has been made until 1981, but I have been unable to locate a copy of this recent federal action) and provides for a maximum interest rate on business loans of \$25,000.00 or more of five (5%) percent in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve Bank in the Federal Reserve district where the federally chartered financial institution is located.

c. \$50,000.00 or greater: [Section 37-3-605 of the Code of Laws of South Carolina, 1976, \(Supp. 1979\)](#) provides that the parties to a loan other than a consumer loan may contract for the payment by the debtor of any finance or other charge (except when secured by a first lien which is a purchase money security interest in land).

In this regard, I have reviewed the Administrative Interpretation of the Department of Consumer Affairs, dated April 1, 1980, which provides that the amount of the loan for purposes of determining the applicable interest rate is not the line of credit that has been granted but rather the amounts of money that has been drawn from this line of credit. I hope this letter will be of some assistance to you. If you should need any further information, please do not hesitate to contact me.

Very truly yours,

Richard B. Kale, Jr.
Senior Assistant Attorney General

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