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November 3, 1976

Administrative Interpretation No. 3.511-7610

"EQUAL PERIODIC INTERVALS" MEANS EQUAL TIME PERIODS
BETWEEN THE FIRST AND SUBSEQUENT INSTALMENT DUE DATES.

Section 3.511 of the South Carolina Consumer Protection Code (UCCC) requires that certain supervised loans "be scheduled to be repayable in substantially equal instalments at equal periodic intervals" (Emphasis added)

The question has arisen whether the emphasized language precludes a schedule in which the interval between the contract date and the first instalment due date is not equal to the intervals between the first and subsequent due dates.

Consumer loans are typically repayable in 12, 24, 36, etc., monthly instalments. If all intervals are equal, including the first one the loan would be repaid in a period of no more than 12, 24, 36, etc. months. In limiting loan terms, Section 3.511 sets a maximum term of 25 months and 37 months. It is reasonable to conclude that the legislature anticipated that a "two year" loan might extend up to a month longer than two years. This would happen only if at least one interval is longer than a month.

The practice under the small loan acts, from which this concept is derived, was to permit scheduling the first payment due date more than a month after the transaction date so that a "convenient" payment date could be established. The extra month permitted for scheduling repayment of "three year" and "two year" loans manifests a legislative intent to continue this practice. In order to accomplish this apparently intended result the term "periodic intervals" must be construed to mean only the recurring intervals following the first instalment due date.


An ancillary question is whether the finance charge for the "extra" days in the first interval may be computed as 1/30th of

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the monthly rate multiplied by the number of "extra" days in the interval.

Subsection 4 of Section 3.508 provides that "a day may be counted as 1/30th of a month."

It is the opinion of this office that the restriction on loan terms provided in Section 3.511 does not prohibit scheduling the first instalment due date more than a month after the transaction date and charging a finance charge equal to 1/30th of the applicable monthly rate for each day in excess of a month in the interval.


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