

INTEREST RATE SUMMARY©



June, 2004

Commercial Collection Agency Association of the Commercial Law League of America

SUMMARY OF MAXIMUM PERMISSIBLE RATES UNDER STATE USURY LAWS (JUNE, 2004)

The information below is believed to be accurate; but it is intended only for general reference and should be verified in any state before charging interest in that state.

The summary includes the legal rate, the contract rate, the judgment rate and any special corporate rate. Since the contract rate applies only when the parties agree, there generally must be a written agreement and many states require that it be signed by the debtor. Federal Preemption. Public Law 96-221, approved March 31, 1980, permanently preempted the provisions of the constitution of law of any State limiting the rate or amount of interest, discount points, finance charges or other charges that may be charged on loans secured by first liens on residential real property and certain other mortgage loans -- unless the state acted to override the preemption.

STATE	LEGAL	CONTRACT	JUDGMENT	CORPORATE
Alabama	6%	Greater of 8% or 1% above discount rate or 2% above prime rate	12%	Any rate agreed to over \$2,000
Alaska	10.5%	7%; any rate over \$25,000	10.5%	No Special Rate
Arizona	10%	Rate agreed to in writing	10%	No Special Rate
Arkansas	6%	7%	See Note 1	No Special Rate
California	7%	10% for personal, family or household purposes or any other purposes	10% See Note 2	No Special Rate
Colorado	8%	As set out in instrument except as limited by U.C.C.	8%	No Special Rate
Connecticut	8%	12%	10%	Any rate over \$10,000
Delaware	7%	7% plus surcharge; any rate over \$100,000 not secured by mortgage or residence	7%	No Special Rate
District of Columbia	6%	24%; any rate on loans over \$1,000	70% of rate tax by I.R.S for underpayment	Any rate
Florida	10%	18%; over \$500,000 - 25%	10%	No Special Rate
Georgia	7%	16%; any rate over \$3,000	12%	No Special Rate
Hawaii	10%	1% per month	10%	No Special Rate
Idaho	12%	Any rate agreed upon	6%	No Special Rate
Illinois	5%	9%; any rate business loans	9%	Any Rate
Indiana	8%	See U.C.C.	8%	No Special Rate
Iowa	5%	6.75% as of July, 2004; any rate agreed for business purposes or over \$25,000 for personal or household purposes	2% over rate on 52 wk. T-Bill	Any Rate
Kansas	10%	15% unless otherwise by law	6%	No Special Rate
Kentucky	8%	6% on loans \$15,000 or less; 3% on bank & trust company loans of \$15,000 or less; others any rate	12%	No Special Rate
Louisiana	12%	12%; business loans any rate	5.25%	Any Rate
Maine	6%	No maximum on commercial if in writing	8% up to \$30,000	No Special Rate
Maryland	6%	8%; any rate on commercial loans over \$15,000	10%*	Any Rate
Massachusetts	6%	No limit	12%	No Special Rate
Michigan	5%	7%; any rate on business loan by bank, insurance company, or financial subsidiary of manufacturing company; 11% on other business loans	12% or rate specified in contract but not over 13%	Any Rate
Minnesota	6%	8%; 10.08% business loans under \$100,000; any rate agreed in writing over \$100,000	See Note 3	No Special Rate
Mississippi	8%	10%; 15% on organizational loans over \$2,500	8%	15% over \$2,500
Missouri	9%	10% for quarter. beginning 7/1/04; any rate business loans of \$5,000 or more	9%	Any Rate
Montana	10%	6% above prime rate at major New York banks 3 days before contract	10%	No Special Rate
Nebraska	6%	16%; any rate for corporate loans and loans over \$25,000	See Note 4	Any Rate
Nevada	See Note 5	Any rate agreed to	See Note 5	No Special Rate

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STATE	LEGAL	CONTRACT	JUDGMENT	CORPORATE
New Hampshire	10%	Any rate agreed to	See Note 6	No Special Rate
New Jersey	6%	16%	No Provisions	No Special Rate
New Mexico	15%	As agreed by parties in writing	8.75%	No Special Rate
New York	16%, see Note 7	See Note 7	9%	No Special Rate
North Carolina	8%	16% \$25,000 or less; any rate over \$25,000	8%	Any Rate Agreed
North Dakota	6%	See Note 8	12%	No Special Rate
Ohio	7%	8%; Any rate for business loans	7%*	No Special Rate
Oklahoma	6%	Any rate unless subject to U.C.C.	See Note 9	No Special Rate
Oregon	9%	See Note 10	9%	No Special Rate
Pennsylvania	6% to \$50,000	7.25%	6%	No Special Rate
Rhode Island	12%	21% or alternative rate of 9% plus domestic prime rate	12%	No Special Rate
S. Carolina	6% or 8.75%, See Note 11	Any rate or as provided in Consumer Protection Code	12%	No Special Rate
South Dakota	15%	Any rate unless specifically limited by Code	12%	Any rate unless limited by Code
Tennessee	10%	4% over average weekly prime rate	10%	No Special Rate
Texas	6%	Any rate agreed to up to 18%. See Note 12	See Note 12	See Note 12
Utah	10%	Agreed rate	Agreed Rate	No Special Rate
Vermont	12%	Legal Rate	No Provision	No Limit
Virginia	6%	12%; any rate on non-agricultural loans	6%	No Special Rate
Washington	12%	12%	See Note 13	No Special Rate
West Virginia	6%	8%; See Note 14	10%	No Special Rate
Wisconsin	5%	No Limit	12%	No Special Rate
Wyoming	7%	See U.C.C.	10%	No Special Rate

* Indicates judgment rate applies unless other rate specified in contract. Where "No special rate" for corporations, the legal or contract rate applies.

Note 1. Arkansas judgment rate on contracts is greater of rates provided in contract or 10%. On other judgments rate is lesser of 10% or current contract limit.

Note 2. California Constitution sets interest rate on judgments at 7% but authorizes the legislature to set the rate at no more than 10%. Section 685.010 added in 1982 provides interest rate of 10% on amount of judgment remaining unsatisfied, applicable to judgments entered on or after February 1, 1996.

Note 3. Minnesota rate on judgments is based on current average yield on U.S. Treasury bills with one year maturities. State court administrator determines the yearly rate by December 20 of each year.

Note 4. Nebraska judgment rate is 1% over average U.S. 52 week Treasury bill equivalent on date of judgment or as in agreement.

Note 5. Nevada legal rate and judgment rates are 2% over prime rate at largest bank in state on January 1 or July 1 immediately preceding judgment.

Note 6. New Hampshire judgment rate is 2% over average U.S. 52 week Treasury Bill rate at their last auction prior to September 30.

Note 7. New York Section 5-501 of the General Obligation Law Provides:

"1. The rate of interest, as computed pursuant to this title, upon the loan or forbearance of any money, goods, or things in action, except as provided in subdivisions five and six of this section or as otherwise provided by law shall be six per centum per annum unless a different rate is prescribed in section fourteen-a of the banking law."

Section 14-a of the Banking Law was amended in 1980 to provide:

5. Wherever reference is made in this chapter or in any other law, contract or document to the rate of interest prescribed by the banking board or the superintendent pursuant to this section or any former section fourteen-a of this chapter, such a reference shall be deemed a reference to the rate of interest prescribed in subdivision one of this section."

There is some doubt that the 6% rate can be used on claims for goods sold and delivered in the absence of a contract specifying a rate.

Note 8. North Dakota contract rate is 5.5% over the average rate for 6 month U.S. Treasury bills but not less than 7%.

Note 9. Oklahoma judgment rate is 4% over U.S. T-bill rate for previous year.

Note 10. Oregon The rate of interest shall be as agreed between the parties, except (a) on loans under \$50,000 the rate shall not exceed greater of 12% or 5% in excess of discount rate on 90-day commercial paper at the Federal Reserve Bank and (b) if parties have not otherwise agreed, rate in the following transactions is 9%: (i) all moneys after they become due (open accounts bear interest from date of last item), (ii) money received to use of another and retained beyond reasonable time without consent and (iii) money due when there is a contract to pay interest and no rate is specified.

Note 11. South Carolina legal rate is 8.75% when term "legal rate" is used in contract, judgment or document.

Note 12. Texas contract rate ceiling is based on average 26 month U.S. Treasury bills multiplied by 2, but not less than 18% or more than 24% (18% for quarter beginning 7/1/04). Texas judgment rate for contract cases is lesser of 18% or rate specified in contract; for other judgments rate is based on 52 week U.S. Treasury bill not less than 5% or more than 20% (10% July 2004).

Note 13. Washington judgment rate is as contract provides, otherwise the higher of 12% or 4% above coupon yield of 26 week Treasury bills.

Note 14. West Virginia Lender, sellers and other creditors are authorized to charge, as an alternative to other rates under any provision, up to a maximum rate fixed by the Lending and Credit Rate Board (18% in June 2004). No law limiting interest rates may be applied to any debt incurred by a loan, installment sale or similar transaction primarily for a business purpose.

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