

Ala.Code 1975 § 5-18-15

§ 5-18-15. Interest rates, charges, and fees.

(a) *Maximum rates of interest and charge.* Every licensee under this chapter may contract for and receive as interest on any loan of money less than one thousand five hundred dollars (\$1,500) an amount at a rate not exceeding three percent a month on that part of the unpaid principal balance not in excess of two hundred dollars (\$200), and two percent a month on that part of the unpaid principal balance in excess of two hundred dollars (\$200) but less than one thousand five hundred dollars (\$1,500).

(b) *Account maintenance fee.* In addition to the maximum rate of interest and charges pursuant to subsection (a), a licensee may enter into a contract of loan under this chapter in which the borrower agrees to pay an account maintenance fee of not more than three dollars (\$3) for each month of the scheduled period of repayment of the loan provided that the scheduled monthly payments are equal to or greater than thirty dollars (\$30). Such account maintenance fee shall be determined at the date of the loan, but may not be prepaid. Such fee as so determined shall not bear interest and shall constitute a part of the finance charge.

(c) *Method of computing charges.*

(1) Interest or charges under this chapter shall not be paid, deducted, discounted, or received in advance or compounded, but the rate of charge authorized by subsections (a) and (b) may be precomputed as provided in subdivision (2) of this subsection.

For the purpose of this section, one month shall be that period of time from any date in a month to a corresponding date in the next month and, if there is not a corresponding date, then to the next day of the next month, and a day shall be considered one thirtieth of a month when computation is made for a fraction of a month.

(2) When the loan contract requires repayment in substantially equal and consecutive monthly installments of principal and charges or interest combined, the charges or interest may be precomputed at the agreed monthly or periodic rate not in excess of that provided for in subsections (a) and (b) on scheduled unpaid principal balances according to the terms of the contract and added to the principal of the loan. Every payment may be applied to the combined total of principal and precomputed charge until the contract is fully paid. The acceptance or payment of charges on loans made under the provisions of this subsection shall not be deemed to constitute payment, deduction, or receipt thereof in advance nor compounding under subdivision (1) above.

(d) *Refunds.*

(1) When any loan contract is paid in full by cash, a new loan, renewal, or otherwise one month or more before the final installment date, the licensee shall refund or credit the borrower with that portion of the total charges which shall be due the borrower as determined by schedules prepared under the rule of seventy-eighths or sum of the digits principle as follows: The amount of the refund or credit shall be as great a proportion of the total charges originally contracted for as the sum of the periodic time balances of the contract scheduled to follow the date of prepayment bears to the sum of all the periodic time balances of the contract, both sums to be determined according to the payment schedule originally contracted for.

(2) If the loan contract, with charges precomputed under subsections (a) and (b), is not prepaid in full but becomes partially prepaid in an amount equal to three or more installments, the licensee shall reduce the balance due by the amount that would be required to be refunded for prepayment in full on the date of the partial prepayment and compute charges as payments are made thereafter in the manner prescribed in subdivision (1) of subsection (c), or the licensee may with the consent of the borrower reschedule the remaining installments and precompute charges as prescribed in subdivision (2) of subsection (c).

(e) *Default or extension charges.* If the contract so provides, when a scheduled payment is in default or delinquent for 10 or more days, the licensee may charge and collect an additional late charge not to exceed the greater of ten dollars (\$10) or five percent of the amount of the scheduled payment in default. Each of the late charges permitted under this subsection may be collected only once on any scheduled payment, regardless of the period during which the payment remains in default or is delinquent. It is the intent of this subsection that if the payment date of all wholly unpaid installments is deferred or extended one or more full months and the contract so provides, the licensee may charge and collect a deferment or default charge only on the installment which is delinquent at the date the contract is extended or deferred.

(f) *Rules and regulations.* In addition to the general authority granted to him or her by [subsection \(a\) of Section 5-18-12](#), the supervisor may make such rules and regulations as he or she may deem necessary or advisable to insure that rebates, default charges, and deferment charges are so computed, paid to or collected from borrowers that the total charges collected by licensees under this section are substantially equivalent to charges authorized to be collected by licensees under this section.

(g) *Recording fees.* The licensee may collect from the borrower the actual fees paid a public official or agency of the state for filing, recording, or releasing any instrument securing the loan.

(h) *Further charges; splitting of contracts.* No further or other charges shall be directly or indirectly contracted for or received by any licensee, including insurance premiums of any kind, except those specifically authorized by this chapter or by Chapter 8 of Title 8. No licensee shall divide into separate parts any contract made for the purpose of or with the effect of obtaining charges in excess of those authorized by this section. All balances due to a licensee from any person as a borrower, or as an endorser, guarantor, or surety for any borrower or otherwise, shall be considered a part of any loan being made by a licensee to the person for the purpose of computing charges.

(i) *Installment payments; contract period.* No licensee shall enter into any contract of loan under this chapter in which the borrower agrees to make any scheduled repayment of the cash advance more than 25 calendar months from the date of making the contract of loan. Every loan contract shall require payment of the cash advance and charges in installments which shall be payable at approximately equal periodic intervals; except, that payment dates may be omitted to accommodate borrowers with seasonal incomes. No installment contracted for shall be substantially larger than any preceding installment.

(j) *Interest after due date of final installment.* Interest as provided in this section shall not accrue or be recovered or charged on any loan made under this chapter for any longer than six months after the due date of the final installment of principal or interest. After the expiration of the six-month period, interest may be charged at a rate not to exceed eight percent per annum.

(k) *Inducing borrower to become obligated under more than one contract.* No licensee shall induce or permit any person or any husband and wife, jointly or severally, to become obligated directly or contingently or both under more than one contract of loan at the same time for the purpose of obtaining a higher rate of charge than would otherwise be permitted by this section. It shall be unlawful for any licensee to evade or attempt to evade this section by inducing a customer to borrow from another loan company in which he or she has a pecuniary interest or with whom he or she has an arrangement for exchange of customers.

(l) *Liabilities of licensees making excess charges.* Any licensee making any charge in excess of the amount authorized herein, except as the result of a deliberate violation of or reckless disregard for this chapter, shall refund to the borrower the total amount of the actual economic damages which at the licensee's option may be done by payment to the borrower, or by reducing the amount of the borrower's principal obligation. If the borrower is entitled to a refund and the licensee refuses to refund within 60 days after written demand, including the filing of a legal action, the licensee shall forfeit, in addition to the actual economic damages his or her right to any finance charge. If the licensee has made an excess charge in deliberate violation of or in reckless disregard for this chapter, the licensee and the several members, officers, directors, agents, and employees thereof who shall have participated in a deliberate violation of or reckless disregard for this chapter, shall be guilty of a misdemeanor which, upon conviction, shall be punishable by a fine of not more than five hundred dollars (\$500) and not less than one hundred dollars (\$100) or by imprisonment of not more than six months, or by both fine and imprisonment in the direction of the court. The remedies provided herein shall be the remedy of the borrower under this chapter as the result of this violation. No action under this section may be brought more than 18 months after the due date of the last scheduled payment of the agreement pursuant to which the charge was made.

(m) *Alternative rates of charge.*

(1) As an alternative to the interest rates and charges permitted to be charged by a licensee pursuant to subsections (a) and (b) on loans of less than one thousand five hundred dollars (\$1,500), a licensee may charge an acquisition charge for making the loan in an amount not in excess of 10 percent of the amount of the principal and an installment account handling charge in an amount no greater than the following:

a. Twelve dollars (\$12) per month on any loan of an amount of one hundred dollars (\$100) or more, up to and including the amount of three hundred dollars (\$300).

b. Fourteen dollars (\$14) per month on any loan of an amount in excess of three hundred dollars (\$300), but not more than four hundred dollars (\$400).

c. Sixteen dollars (\$16) per month on any loan of an amount in excess of four hundred dollars (\$400), but not more than five hundred dollars (\$500).

d. Twenty dollars (\$20) per month on any loan of an amount in excess of five hundred dollars (\$500), but not more than one thousand dollars (\$1,000).

e. Twenty-three dollars (\$23) per month on any loan of an amount in excess of one thousand dollars (\$1,000), but not more than one thousand two hundred fifty dollars (\$1,250).

f. Twenty-six dollars (\$26) per month on any loan of an amount in excess of one thousand two hundred fifty dollars (\$1,250), but not equal to or exceeding one thousand five hundred dollars (\$1,500.)

Provided, however, that the scheduled payments are in amounts equal to or greater than forty dollars (\$40) per month, inclusive of the installment account handling charge. The acquisition charge and the installment account handling charge may be calculated for the term of the contract and added to the amount of the principal. The acceptance or payment of charges on loans made under this subsection shall not be deemed to constitute payment, deduction, or receipt thereof in advance nor compounding under this subsection.

(2) The minimum term for repayment of a loan under this subsection is three months and the maximum term of any loan made under this subsection is 18 months.

(3) Upon the prepayment in full of any loan under this subsection, the installment account handling charge is subject to subsection (d), as it relates to refunds. The acquisition charge shall not be subject to refund.

(4) No insurance charge under [Section 5-18-17](#), no interest surcharge under [Section 8-8-14](#), nor any other charge of any nature whatsoever, is permitted for loans made pursuant to the rate structure of this subsection, except for acquisition charges and installment account handling charges as provided under this subsection, default charges under subsection (e), recording fees under subsection (g), bad check charges under [Section 8-8-15](#), and assessed court costs.

(5) The loan charges allowed under this subsection may not be imposed on a loan to a borrower who has more than one loan outstanding with the licensee and upon which loan charges were imposed under this subsection.

(6) No licensee shall file a claim against a decedent borrower's estate for any unpaid indebtedness for a loan whose charges include an acquisition charge or an installment account handling charge under this subsection.

(n)(1) [Act 2017-373](#) shall apply to loan contracts entered into after May 25, 2017.

(2) [Act 2017-373](#) shall not affect loan contracts entered into prior to May 25, 2017.

Ala.Code 1975 § 8-8-1

§ 8-8-1. Maximum rates of interest -- Generally.

Except as otherwise provided by law, the maximum rate of interest upon the loan or forbearance of money, goods, or things in action, except by written contract is \$6 upon \$100 for one year, and the rate of interest by written contract is not to exceed \$8 upon \$100 for one year and at that rate for a greater or less sum or for a longer or shorter time.

Credits

(Code 1852, § 1519; Code 1867, § 1827; Code 1876, § 2088; Code 1886, § 1750; Code 1896, § 2626; Code 1907, § 4619; Code 1923, § 8563; Acts 1935, No. 37, p. 69; Code 1940, T. 9, § 60.)

Ala.Code 1975 § 8-8-4

§ 8-8-4. Maximum rates of interest -- Loans, etc., of \$100,000 or more to state board of education and trustees of state educational institutions.

(a) The state board of education and the trustees of all state institutions where education is a part of the program of the institution as referred to in [Section 16-3-28](#), when borrowing money in amounts of not less than \$100,000, may agree to pay such rate or rates of interest not to exceed a rate of 15 percent per annum for the loan or forbearance of money as such board of education or trustees may determine, notwithstanding any law of this state otherwise prescribing or limiting such rate or rates of interest.

(b) As to any such agreement, neither such board of education or trustees, nor any surety, guarantor, endorser, or any other person, firm, partnership, association, or corporation which may become liable, in whole or in part, for the payment of the debt and interest agreed to be paid thereon in accordance with the terms hereof, or under any extension, amendment, or renewal thereof, may raise or claim the defense or benefit of the usury laws or any other law prescribing, regulating, or limiting such rate or rates of interest.

(c) The provisions of this section are cumulative and shall be construed in pari materia with other laws prescribing or limiting rates of interest on the loan of money and not in repeal thereof.

Credits

(Acts 1969, No. 1038, p. 1919; Acts 1970, Ex. Sess., No. 9, p. 2605.)

Ala.Code 1975 § 8-8-5

§ 8-8-5. Maximum rates of interest -- Loans, credit sales, etc., of \$2,000 or more to individuals, corporations, trusts, partnerships, or associations.

(a) Any person or persons, corporations, trust, general partnership or partnerships, limited partnership or partnerships, or association may agree to pay such rate or rates of interest for the loan or forbearance of money and for any credit sales as such person, corporation, trust, general partnership, limited partnership, or association may determine, notwithstanding any law of this state otherwise prescribing or limiting such rate or rates of interest; provided, that the original principal balance of the loan or forbearance of money or credit sales is not less than \$2,000; provided further, that all laws relating to unconscionability in consumer transactions including but not limited to the provisions of Chapter 19 of Title 5, known as the Mini-Code, shall apply to transactions covered by this section.

(b) As to any such loan or forbearance of money or credit sales made in compliance with subsection (a) of this section, neither such person, corporation, trust, general partnership, limited partnership, or association, nor their heirs, successors, or assigns, nor any surety, guarantor, endorser, or any other person, firm, partnership, association, trust, or corporation which may become liable, in whole or in part, for the payment of the debt and interest agreed to be paid thereon in accordance with the terms hereof, or any extension, amendment, or renewal thereof, may raise or claim the defense or benefit of the usury laws or any other law prescribing, regulating, or limiting such rate or rates of interest.

(c) The term "original principal balance," as used herein, shall include the total principal amount of indebtedness incurred or contracted for in a loan, forbearance of money, credit sales, or in a single issue or sale of bonds, debentures, promissory notes, or like transaction, without regard either to the face amount or denomination of any bond, debenture, note, or other evidence of indebtedness constituting a part of such issue or sale, or to the amount of the initial or any subsequent advance pursuant to such loan, forbearance, or credit sales. The term "interest" as used herein shall include all direct or indirect charges imposed as an incident to a loan, forbearance of money, or credit sales.

(d) This section shall apply to any person or entity, whether or not organized for profit, and to transactions both prior to and after default, but shall not apply to any agreement involving the loan or forbearance of money or credit sales where the original principal balance is less than \$2,000.

(e) The provisions of this section are cumulative to, and not in derogation of, rights under other provisions of state or federal law and shall not in any way repeal, amend, or modify the provisions of [Public Law 96-221](#) enacted by the Congress of the United States and approved March 31, 1980, as amended.

Credits

(Acts 1970, Ex. Sess., No. 27, p. 2628; Acts 1980, No. 80-435, p. 659; Acts 1981, No. 81-503, p. 861, § 1; Acts 1984, No. 84-108; Acts 1984, No. 84-308.)

Ala.Code 1975 § 8-8-6

§ 8-8-6. Maximum rates of interest -- Exemption of debts
incurred pursuant to National Housing Act or veterans' benefits.

(a) All debts or extensions of credit incurred pursuant to any provision of the act of Congress known as the National Housing Act, as the same now exists or may hereafter be amended or supplemented, and all debts or extensions of credit incurred pursuant to any act of Congress relating to veterans' benefits, as the same now exists or may hereafter be amended or supplemented, are exempt from any law of this state relating to usury or prescribing or limiting interest rates.

(b) The provisions of this section are remedial and supersede the provisions of any other act limiting interest rates in any way contrary to the provisions hereof.

Credits

(Acts 1969, No. 3, p. 297.)

Ala.Code 1975 § 8-8-7

§ 8-8-7. Maximum rates of interest -- Exemption of bonds, notes, etc., of state, instrumentalities, localities, etc.

Any bonds, notes, warrants, other evidences of indebtedness, or securities issued by the State of Alabama or any department, agency, or instrumentality thereof, by any not-for-profit public or private corporation at any time organized or created pursuant to act of the Legislature or executive order of the Governor for the purpose of acting as an instrumentality of the State of Alabama or otherwise acting in the public interest and by any board of water and sewer commissioners created under the provisions of Article 10, Chapter 50, Title 11, and authorized to issue bonds under [Section 11-50-345](#) by any municipality, by any county, by any public corporation heretofore or hereafter organized or created in the State of Alabama pursuant to authorization, determination, finding, or other action of any municipality or municipalities or county or counties or the governing body of any one or more thereof, or by any city or county board of education, are hereby exempted from all laws of the State of Alabama governing usury or prescribing or limiting interest rates, including, without limitation, the provisions of this chapter.

Credits

(Acts 1975, 4th Ex. Sess., No. 53, p. 2665, § 1; Acts 1982, No. 82-551, p. 911, § 1.)

Ala.Code 1975 § 8-8-12

§ 8-8-12. Enforcement of usurious contracts.

(a) Except as otherwise permitted by law, all contracts for the payment of interest upon the loan or forbearance of goods, money, things in action, or upon any contract whatever at a higher rate than is prescribed in this chapter are usurious and cannot be enforced except as to the principal.

(b) The borrower of money at a usurious rate of interest shall not in any case be required to pay more than the principal sum borrowed, and if any interest has been paid, the same must be deducted from the principal and judgment entered for the balance only; provided, however, that the defense of usury may not be pleaded against a holder in due course of any negotiable instrument.

Credits

(Code 1852, § 1523; Code 1867, § 1831; Code 1876, § 2092; Code 1886, § 1754; Code 1896, § 2630; Code 1907, § 4623; Code 1923, § 8567; Acts 1931, No. 650, p. 783; Code 1940, T. 9, § 65.)

Ala.Code 1975 § 11-54-97

§ 11-54-97. Exemption of boards -- Usury and interest laws.

Each industrial development board now or hereafter organized under the provisions of this division is hereby exempted from the laws of the State of Alabama governing usury or prescribing or limiting interest rates, including, without limitation, the provisions of Chapter 8 of Title 8.

Credits

(Acts 1969, No. 1150, p. 2157.)

Ala.Code 1975 § 22-21-6

§ 22-21-6. Certain public hospital corporations exempted from usury and interest rate limitation laws.

(a) Bonds, notes and other securities issued by any public hospital corporation are hereby exempted from all laws of the state governing usury or prescribing or limiting interest rates, including, without limitation, the provisions of Chapter 8 of Title 8 of this code.

(b) For the purposes of this section, the following terms shall have the meanings respectively ascribed to them by this subsection:

(1) STATE. The State of Alabama.

(2) PUBLIC HOSPITAL CORPORATION. Any public corporation organized pursuant to the provisions of any of the following statutes, as heretofore or hereafter amended:

a. [Section 22-21-5](#),

b. Article 3 of this chapter, or

c. Division 1 of Article 4 of this chapter.

Credits

(Acts 1975, No. 192, p. 679.)