

Gen.Laws 1956, § 6-26-2

§ 6-26-2. Maximum rate of interest

(a) Subject to the provisions of title 19, no person, partnership, association, or corporation loaning money to or negotiating the loan of money for another, except duly licensed pawnbrokers, shall, directly or indirectly, reserve, charge, or take interest on a loan, whether before or after maturity, at a rate that shall exceed the greater of twenty-one percent (21%) per annum or the alternate rate specified in subsection (b) of this section of the unpaid principal balance of the net proceeds of the loan not compounded, nor taken in advance, nor added on to the amount of the loan.

(b) The alternate rate means the rate per annum that is equal to nine percentage points (9%) plus an index that is the domestic prime rate as published in the Money Rates section of The Wall Street Journal on the last business day of each month preceding the later of the date of the debtor's agreement or the date on which the interest rate is redetermined in accordance with the terms of the debtor's agreement. If the Wall Street Journal ceases publication of the prime rate, the director of business regulation shall designate a substantially equivalent index. In the event an index is published as a range of rates, then the lowest rate shall be the index.

(c)(1) For purposes of this section, interest shall not be construed to include:

(i) Charges pursuant to chapter 30 of title 27;

(ii) Premiums for insurance in an amount not exceeding the reasonable value of property offered as security for a loan against any substantial risk of loss, liability, damage, or destruction in conformity with the insurance laws of this state;

(iii) Premiums for insurance providing loss of income or involuntary unemployment coverage if the coverage is not a factor in the approval by the lender of the extension of credit and the debtor gives specific written indication that the cost of this coverage has been conspicuously disclosed to the debtor; that the debtor realizes that the coverage is not a condition for the extension of credit; and that the debtor voluntarily desires the coverage;

(iv) Commercial loan commitment or availability fees to assure the availability of a specified amount of credit for a specified period of time or, at the borrower's option, compensating balances in lieu of the fees;

(v) Reasonable attorney's fees customarily charged for the preparation of loan, security, or mortgage documents and for the collection of defaulted loans;

(vi) Fees for title examination or title insurance;

(vii) Other customary and reasonable costs incident to the closing, supervision, and collection of loans in this state; and

(viii) Consideration received for the redemption, sale, transfer, or other disposition of equity securities by a small business investment company licensed under the provisions of the "Small Business Investment Act of 1958", [15 U.S.C. § 631 et seq.](#), as amended, or an entity that would qualify for regulation as a business development company under the provisions of the "Investment Company Act of 1940", [15 U.S.C. § 80a-1 et seq.](#), as amended, whether or not the equity securities were acquired by a small business investment company or business development company in connection with or as an incident to the extension of credit.

(2) Any of the preceding charges, if paid or advanced by the lender, may be considered part of the net proceeds of the loan, and if paid by the debtor, shall not be deducted from the net proceeds of the loan.

(d) Notwithstanding anything to the contrary in this chapter or in any other provision of Rhode Island law, the provisions of this chapter shall not be applicable with respect to credit card transactions as defined in chapter 26.1 of this title. Chapter 26.1 shall apply exclusively to all such transactions.

(e) Notwithstanding the provisions of subsection (a) of this section and/or any other provision in this chapter to the contrary, there is no limitation on the rate of interest that may be legally charged for the loan to, or use of money by, a commercial entity, where the amount of money loaned exceeds the sum of one million dollars (\$1,000,000) and where repayment of the loan is not secured by a mortgage against the principal residence of any borrower; provided, that the commercial entity has first obtained a pro forma methods analysis performed by a certified public accountant licensed in the state of Rhode Island indicating that the loan is capable of being repaid.

Gen.Laws 1956, § 6-26-3

§ 6-26-3. Criminal usury

Any person, who, on his or her own behalf or on behalf of any other person, partnership, corporation, or association, shall willfully and knowingly violate any of the provisions of [§ 6-26-2](#) shall be guilty of criminal usury and shall be imprisoned for not more than five (5) years.

Credits

P.L. 1909, ch. 434, § 2; G.L. 1923, ch. 228, § 8; G.L. 1938, ch. 485, § 3; P.L. 1970, ch. 263, § 1; [P.L. 2014, ch. 528, § 15](#), eff. Dec. 31, 2014.

Gen.Laws 1956, § 6-26-4

§ 6-26-4. Usurious contracts--Penalty

(a) Every contract made in violation of any of the provisions of § 6-26-2, and every mortgage, pledge, deposit, or assignment made or given as security for the performance of the contract, shall be usurious and void.

(b) Nothing contained in this section shall affect the rights of an endorsee or transferee of a negotiable instrument who purchases the instrument before maturity, for value, and without notice of its usurious character.

(c) Nothing contained in this section shall affect the rights, duties or liabilities of any persons acting under the provisions of title 19, and if the borrower shall, either before or after suit, make any payment on the contract, either of principal or interest, or of any part of either, and whether to the lender or to any assignee, endorsee, or transferee of the contract, the borrower shall be entitled to recover from the lender the amount so paid in an action of the case. Receipts shall be given whenever payments are made of either principal or interest.

(d) The provisions previously stated in this section shall not apply to any financial institution and its subsidiaries, credit union, or bank holding company and its subsidiaries, organized under the laws of the state; any other entity regulated by the department of business regulation; a national bank and its subsidiaries; federal savings and loan association or federal credit union; or a bank, company, or association collectively and individually referred to as a regulated financial institution. In the event a regulated financial institution knowingly contracts or charges a usurious rate of interest in violation of any of the provisions of § 6-26-2, it shall forfeit the entire interest on the debt. In case the usurious rate of interest has been paid, the person by whom it has been paid, or his or her legal representative, may recover from the regulated financial institution in an action in the nature of an action on the debt, twice the amount of the interest so paid, provided that the action is commenced within two (2) years from the time the usurious transaction occurred.

Credits

P.L. 1909, ch. 434, § 3; G.L. 1923, ch. 228, § 9; G.L. 1938, ch. 485, § 4; P.L. 1982, ch. 437, § 1; P.L. 1995, ch. 82, § 58; P.L. 2014, ch. 528, § 15, eff. Dec. 31, 2014.

Gen.Laws 1956, § 6-27-4

§ 6-27-4. Maximum charge--Refunds

(a) No creditor shall impose a finance charge in excess of an amount equal to eighteen percent (18%) simple interest per annum. This subsection shall not apply to any transaction in connection with which the finance charge does not exceed ten dollars (\$10.00). Notwithstanding the provision of any retail installment contract to the contrary, a buyer may prepay in full the unpaid balance of any retail installment contract at any time before its final due date and, if the buyer does so, shall receive a refund credit on the retail installment contract for the prepayment. The amount of the refund credit of finance charges on precomputed loans, made for an original term of sixty (60) months or less, may be calculated on the method commonly referred to as the rule of 78s or sum of the digits. Refund credits of finance charges on precomputed loans, made for an original term greater than sixty (60) months, must be at least the amount as that produced by the rule of anticipation.

(b) Where the amount of refund credit is less than one dollar (\$1.00), no refund credit need be made.

(c) Notwithstanding any contrary provision of law, the maximum finance charge that may be applied under a revolving or open-end credit plan in connection with a transaction arising out of a retail sale of consumer goods, including the retail sale of gasoline or services, shall not exceed the rate or rates agreed to by the creditor and a retail buyer compared on the average daily balance of the open-end or revolving account or the unpaid balance of the open-end or revolving account outstanding as of the end of the current billing cycle. Regardless of any agreement to the contrary, a transaction under a revolving or open-end credit plan is subject to this section whenever a solicitation for the extension of credit is made by a creditor whose primary activity in Rhode Island is soliciting Rhode Island customers through the mails and the solicitation originates outside Rhode Island but is directed to, and received by, a retail buyer who resides and responds to the solicitation in Rhode Island.

(d) This section shall not apply to any person doing business under and as permitted by any general or special law of this state or of the United States relating to: (1) financial institutions, (2) credit unions, or (3) licensees pursuant to title 19, chapter 44 of title 6, and [§ 6-26-2](#).

(e) Under each revolving or open-end credit plan a late fee not to exceed twelve dollars (\$12.00) may be assessed on each minimum payment not paid in full within forty (40) days following the billing date of the statement on which the minimum payment first appears.

Gen.Laws 1956, § 19-26-18

§ 19-26-18. Maximum charges

Pawnbrokers are prohibited from charging, taking, or receiving, directly or indirectly, for the use of money lent on personal property, any more than the following rates of interest: for the use of money exceeding fifty dollars (\$50.00) in amount for a period not exceeding three (3) months, five percent (5%) per month; for a period of time exceeding three (3) months, two and one-half percent (2.5%) per month; for the use of money exceeding fifty dollars (\$50.00) in amount for any period of time, two and one-half percent (2.5%) per month; provided, that when the interest allowed by this section would amount to less than fifty cents (50¢), a minimum charge of fifty cents (50¢) per month shall be allowed under the provisions of this chapter; and, provided, further, that no charge for the keeping or storage of any article taken in pawn or pledge by any pawnbroker, under the provisions of this chapter, other than is provided in this section shall be permitted. Any person violating the provisions of this section shall be fined not exceeding five hundred dollars (\$500) and his or her license shall become void.

Credits

G.L. 1896, ch. 105, § 14; P.L. 1909, ch. 435, § 5; G.L. 1923, ch. 131, § 14; G.L. 1938, ch. 364, § 14.