

**CHAPTER 7.****USURY****ARRANGEMENT OF SECTIONS****Section**

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An Act to prohibit usurious interest rates and related matters. This Chapter was formerly “Reserved”, now assigned this Act. [Section numbering style modified to conform to new Code format Rev.2003)]

Commencement:	September 18, 1989
Source:	P. L. 1989-54.
	P. L. 2006-71

**§701. Short title.**

This Chapter may be cited as the “Usury Act of 1989.” [P.L. 1989-54, §1.]

**§702. Definitions.**

In this Chapter “person” means an individual, a corporation, a partnership, or an association. [P.L. 1989-54, §2.]

**§703. Limit on contract rates, compound interest.**

No person shall directly or indirectly take or receive as interest, in money, goods or things in action, or in any other manner whatsoever, any greater sum or any greater value for the loan or forbearance of money, goods or things in action than at an annual effective interest rate of twenty-four percent. In the computation of interest upon any bond, note, or other instrument or agreement, interest shall not be compounded nor shall the interest thereon be construed to bear interest, unless an agreement to that effect is clearly expressed in writing and is signed by the party to be charged therewith. [P.L. 1989-54, §3.]

**§704. Usurious interest reduced; null and void; actions to recover usurious amounts.**

(1) The provisions of any agreement entered into prior to the effective date of this Chapter , which provide for the payment of interest at a rate higher than is allowed under this Chapter , shall be deemed amended to provide for interest at the rate of twenty-four percent per annum. Further, no action to recover interest above that allowed under this Chapter shall be maintained, and the debt cannot be declared due as a result of the reduction of interest pursuant to this Section.

(2) The provisions of any agreement entered into on or after the effective date of this Chapter , which provide for the payment of interest at a rate higher than is allowed under this Chapter , shall be null and void. Further, no action to recover interest shall be maintained, and the debt cannot be declared due as a result of the nonpayment of said interest. [P.L. 1989-54, §4, Subsections were renumbered to conform to the format and style of the Code.]

**§705. Civil and criminal penalties for violation.**

(1) Every person, who for any loan or forbearance of money, goods or things in action, shall have paid or delivered any greater sum or value than is allowed to be received under the provisions of this Chapter , may, either in person or through his personal representative, recover in an action at law against the person or his personal representative, who shall have taken or received the same, treble the amount of the money so paid or value delivered in violation of said provisions; provided, such action shall be brought within one year after such payment or delivery.

(2) Any person who willfully makes or negotiates, for himself or another, a loan of money, credit, goods, or things in action, and who directly or indirectly charges, contracts for, or receives with respect to any such loan any interest or charge of any nature, the value of which is in excess of that allowed by law, is guilty of usury, and is punishable:

(a) by a monetary penalty of not less than \$1,000 but no more than \$100,000; or

(b) by a term of imprisonment of not less than five (5) years but not more than ten

(10) years, or both. [P.L. 1989-54, §5, Subsections were re-numbered, and modification was made to Subsection (1) regarding reference to a personal representative, for purposes of clarity.][subsection (2) amended by P.L. 2006-71].

**§706. Effective date.**

This Chapter shall become effective on November 1, 1989. [P.L. 1989-54]