

Guide to State Usury Laws

State	Usury Laws	Source
Alabama	<p>The maximum interest rate on a loan without a written contract is 6% per year. The maximum rate with a written contract is 8% per year. There are specific rates of interest relating to, e.g., state educational institutions and initial principal balances exceeding \$ 2,000. There are exemptions for state instrumentalities and municipalities and loans under the National Housing Act and relating to federal veterans' benefits.</p>	<p>Code of Ala. § 8-8-1 et seq.</p>
Alaska	<p>The maximum interest rate is 10.5% per year. Even with the express agreement of the pa advances charged to member banks is not allowed unless the loan amount exceeds \$ 25,000.</p> <p>A credit union, among others, may not require or accept any percent of ownership or profits above its interest rate. This does not apply to a loan if the principal amount is \$1,000,000 or more and the term is 5 years or more, or to a negatively amortizing loan secured by owner-occupied real property originated under a program approved or sponsored by certain entities.</p>	<p>Alaska Stat. § 45.45.010 et seq.</p>
Arizona	<p>The maximum interest rate on a loan without a written contract is 10% per year. In the event of a written contract, any interest rate may be agreed upon by the parties. There are specific interest rates given for a city or town, a county, the state's department of transportation, and a county flood control district, a power district, or an agricultural improvement district. Additionally, there are provisions for closed end loans, revolving accounts and obligations insured or guaranteed by the federal government.</p>	<p>A.R.S. § 44-1201 et seq.</p>

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<p>Arkansas</p>	<p>The parties to a contract may agree in writing for the payment of interest not exceeding the applicable rate set forth in Ark. Const. Art. 19, § 13 on money due or to become due. That provision limits interest to 5% per year above the Federal Reserve Discount Rate at the time of the contract or 17% interest per year for consumer loans.</p>	<p>Ark. Const. Art. 19 § 13</p>
<p>California</p>	<p>The general maximum interest rate is 7% per year. The rate of 10% per year applies to goods used primarily for personal, family, or household purposes. Other goods have a rate of 10% per year or 5% per year plus the rate established by the Federal Reserve Bank of San Francisco on advances to member banks for loans on other types of goods. The constitutional limits do not apply to obligations of, among others, credit unions.</p>	<p>Cal Const. Art. XV §1 Cal Civ Code §1912 et seq.</p>
<p>Colorado</p>	<p>Absent a written agreement, the maximum interest rate is 8%, compounded annually. For business loans, the maximum interest rate is 45% per year. There are specific provisions for mortgages, small business loans, and business and agricultural loans. There are also criminal provisions.</p>	<p>C.R.S. 5-12-101 et seq. C.R.S. 5-13-101 et seq.</p>
<p>Connecticut</p>	<p>Absent a written agreement, the maximum interest rate is 8% per year. Loans at an interest rate in excess of 12% are prohibited. There are specific provisions, e.g., regarding commercial loans in excess of \$10,000 and awards in certain kinds of lawsuits. Exemptions are listed at Conn. Gen. Stat. § 37-9.</p>	<p>Conn. Gen. Stat. § 37-1 et seq.</p>
<p>Delaware</p>	<p>Lenders may charge a maximum interest rate of 5% over the Federal Reserve discount rate, including any surcharge on that rate. There is no limitation on the interest rate charged for loans in excess of \$ 100,000 where repayment is not secured by a mortgage against a borrower's principal residence. There are specific provisions relating to loan insured by the Federal Housing Administration, secured demand loans of not less than \$5,000, and loans of less than \$ 500.</p>	<p>6 Del. C. § 2301 et seq.</p>
<p>District of Columbia</p>	<p>The maximum interest rate on a loan with a written agreement is 24% per year. If there is no written agreement, the rate is 6%.</p>	<p>§ 28-3301</p>

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<p>Florida</p>	<p>On December 1, March 1, June 1, and September 1 of each year, the Chief Financial Officer shall set the rate of interest that shall be payable on judgments or decrees for the calendar quarter beginning January 1 and adjust the rate quarterly on April 1, July 1, and October 1 by averaging the discount rate of the Federal Reserve Bank of New York for the preceding 12 months, then adding 400 basis points to the averaged federal discount rate according to Fla. Stat. § 55.03. If there is no contract, the rate is computed under Fla. Stat. § 55.03, according to Fla. Stat. § 687.01</p>	<p>Fla. Stat. § 55.03</p>
<p>Georgia</p>	<p>Absent a written contract, the maximum interest rate is 7% per year simple interest. On amounts of \$ 3,000 or more for non-consumer loans or for more than \$ 100,000, the parties may establish any interest rate. On amounts of \$3,000 or less, the maximum interest rate is 16% per year simple interest. Class actions are barred in actions alleging usury in loans secured by real estate.</p>	<p>O.C.G.A. § 7-4-1 et seq.</p>
<p>Hawaii</p>	<p>Absent a written contract fixing a different rate, the allowable interest rate is 10% per year. On consumer credit transactions, the maximum interest rate is 12% per year. Credit cards can carry a maximum interest rate of 18% per year. With respect to obligations of the State of Hawaii, interest is allowed at the prime rate for each calendar quarter, not to exceed 10% per year. Exemptions are listed at HRS § 478-8.</p>	<p>HRS § 478-1 et seq.</p>
<p>Idaho</p>	<p>Absent a written contact fixing a different rate, the allowable interest rate is 12% per year.</p>	<p>Idaho Code §28-22-104 et seq.</p>
<p>Illinois</p>	<p>The lawful interest rate is 5% per year. Parties to written contracts may agree to an interest rate of no more than 9% per year. The maximum rate on revolving credit is 1.5% per month. The maximum interest rate is determined by the law applicable at the time the contract is made.</p>	<p>815 ILCS 205/1</p>

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<p>Indiana</p>	<p>If the parties do not agree on a rate, interest on loans is at 8% per year until paid. There are specific provisions regarding consumer credit sales and leases that do not apply to sales of a consumer’s residence.</p>	<p>Ind. Code Ann. §24-4.6-1-101 et seq. Ind. Code Ann. § 24-4.6-1-201 et seq. Ind. Code Ann. § 24-4.5-3-201</p>
<p>Iowa</p>	<p>Absent an agreement by the parties, the interest rate is 5% per year. The maximum rate in a written contract is 2% points above the monthly average 10-year constant maturity interest rate of United States government bonds and notes. There are specific provisions regarding home equity lines of credit and finance charges on accounts receivable.</p>	<p>Iowa Code § 535.1 et seq.</p>
<p>Kansas</p>	<p>The interest rate is 10% per year, absent an agreement fixing a different interest rate. Bonds, bills, notes, or other written instruments may have a rate of less than 15% per year, unless otherwise specifically authorized by law. The maximum rate for notes secured by real estate mortgages and contracts for deed to real estate is 1.5% points above the yield of 30-year fixed rate conventional home mortgages. Exemptions are found at K.S.A. § 16-207.</p>	<p>K.S.A. § 16-201 et seq. K.S.A. § 17-7105</p>
<p>Kentucky</p>	<p>The legal interest rate is 8% per year. The parties may agree in writing to a yearly rate not to exceed 4% above the discount rate on 90-day commercial paper, or 19% if it is less, on money due in an amount of \$15,000 or less. If the obligation is \$ 15,000 or more, the parties may agree to any interest rate. There are specific provisions regarding premiums on insurance to secure a loan, presumption relating to foreign debts or judgments, interest on holdbacks or reserves by persons financing loans on personal property, and manufactured home financing. There is also a provision regarding predatory lending.</p>	<p>KRS § 360.010 et seq. KRS § 287.214 (credit unions)</p>

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<p>Louisiana</p>	<p>Notwithstanding any other contrary provision of the law to the contrary, a credit union may lend to its members at such maximum fixed rates or maximum variable rates of interest, as provided for in the bylaws of the credit union, which have been approved by the commissioner of financial institutions.</p>	<p>La. R.S. 9:3500 et seq.</p>
<p>Maine</p>	<p>With respect to consumer credit sales, other than open-end credit, the maximum finance charge is 30% per year on the first \$ 1,000, 21% per year on amounts between \$1,000 - \$ 2,800, 15% per year on the part of the unpaid balances of the amount financed that is more than \$2,800, and 18% on all unpaid balances. Consumer loan finance charges, other than those with open-end credit, is addressed by 9-A M.R.S. § 2-401, while 9-A M.R.S. § 2-402 , which deals with open-end credit, states that, unless a consumer credit transaction is involved, the parties can contract for any finance charge. In the absence of a written agreement establishing a different legal rate, the maximum rate is 6% on a loan made by a financial institution. Where there is a writing, 9-B M.R.S. § 432 controls.</p>	<p>9-A M.R.S. § 2-201 9-A M.R.S. § 2-202 9-A M.R.S. § 2-401 9-A M.R.S. § 2-402 9-A M.R.S. § 2-601 9-B M.R.S. § 432</p>
<p>Maryland</p>	<p>Unless otherwise provided, a simple interest rate in excess of 6% on an unpaid principal balance cannot be charged. If there is a written agreement, a lender cannot charge more than 8%. Interest computed at a rate other than that provided by law is not usurious under certain conditions pursuant to Md. Commercial Law Code Ann. § 12-104 and certain charges are not considered to be interest pursuant to Md. Commercial Law Code Ann. § 12-105. In addition, a claim of usury is not available against a bona fide assignee.</p>	<p>Md. Commercial Law Code Ann. § 12-101 et seq.</p>

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<p>Massachusetts</p>	<p>If there is no agreement or provision of law for a different rate, the interest rate is 6% per year, but it is lawful to pay, reserve, or contract for any interest rate or discount under a written contract, except as provided by law.</p>	<p>ALM GL ch. 107 § 3 ALM GL ch. 183 60</p>
<p>Michigan</p>	<p>The legal interest rate is 5% per year, but parties may stipulate in writing for the payment of any rate not exceeding 7% per year. If there is a written agreement, corporations may agree to pay an interest rate in excess of the legal rate.</p>	<p>MCLS § 438.31 et seq.</p>
<p>Minnesota</p>	<p>The interest rate for any legal indebtedness is 6% per year, unless a different rate is specified by written agreement, but the maximum rate is 8%. Exceptions include, amount others, contracts for more than \$100,000; those involving ERISA, business, and agricultural loans; and loans secured by savings accounts.</p>	<p>Minn. Stat. § 334.01 et seq.</p>
<p>Mississippi</p>	<p>The legal interest rate on all notes, accounts, and contracts is 8% per year; the "contract rate" is 10% or 5% above the discount rate, whichever is greater.</p>	<p>MS Code § 75-17-1 (2013)</p>
<p>Missouri</p>	<p>The lawful interest rate is 9% per year when the parties have not agreed to an interest rate. If there is an agreement, the maximum rate is 10% unless the "market rate" is higher. Corporations do not have the defense of usury. Unlimited interest is allowed under R.S.Mo. §408.035</p>	<p>R.S. Mo. § 408.015 et seq.</p>

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<p>Montana</p>	<p>Absent a written contract fixing a different interest rate or a law imposing a specific rate, the legal interest rate is 10% per year. If there is a writing, the parties can agree to a rate of 15% or 6% points per year above the prime rate of major New York banks, whichever is greater. Regulated lenders and merchants of finance are exempted. Parties to a written contract involving secured debt can agree to transform overdue interest into principal.</p>	<p>Mont. Code Ann. § 31-1-101 et seq</p>
<p>Nebraska</p>	<p>The legal interest rate is 6% per year unless a greater interest rate is contracted by the parties. The maximum rate is 16% per year on unpaid principal balance unless otherwise provided by law. Interest on variable rate loans may not violate federal usury laws. Exemptions are provided at R.R.S. Neb §45-1010.04 and R.R.S. Neb. \$45-102. Special provisions are given for the state and its political subdivisions, warrants or orders, the purchase of certain land, and situations where the time period for the calculation of interest is not stated.</p>	<p>R.R.S Neb § 45-101.02 et seq</p>
<p>Nevada</p>	<p>The parties to a written contract may agree to the payment of any interest rate on money due or to become due. The parties may also agree to the compounding interest and to other charges or fees. When there is no written agreement, the rate is the prime rate of the largest state bank. There is a specific provision for state and local bonds.</p>	<p>Nev. Rev. Stat. Ann § 99.010 et seq.</p>
<p>New Hampshire</p>	<p>The annual interest rate in all business transactions in which interest is to be paid, unless otherwise agreed to in writing, is 10%.</p>	<p>RSA 336:1.htm</p>

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<p>New Jersey</p>	<p>In the absence of a written contract, the maximum interest rate is 6% per year. If there is a written contract specifying an interest rate, the maximum interest rate is 16% per year.</p>	<p>N.J. Stat. Ann. § 31:1-1 et seq.</p>
<p>New Mexico</p>	<p>Absent a written agreement fixing a different interest rate, the maximum interest rate may not be more than 15% annually. There are specific provisions for open accounts, grain purchase contracts, the procurement of loans, and farm, ranch, and agricultural loans.</p>	<p>N.M. Stat. Ann. § 56-8-1 et seq.</p>
<p>New York</p>	<p>The interest rate on a loan of the forbearance of any money, goods, or things in action, except as otherwise provided by law, is 6[^] per year unless a different rate is prescribed in NY CLS Bank §14-a in which the legal interest rate is 16% per year. Specific provisions are given for registered brokers or dealers carrying debit balances, secured loans or forbearances, brokerage on loans, and advances on collateral security.</p>	<p>NY CLS Gen Oblig § 5-501 et seq.</p>
<p>North Carolina</p>	<p>The maximum legal interest rate is 8% per year, with different rates applicable if there is a written agreement. Specific provisions include those involving contract rates on home loans, high-cost home loans, savings and loan associations, bonds sold below par, loans for less than \$300,000, and equity lines of credit.</p>	<p>N.C. Gen. Stat § 24-1 et seq.</p>

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<p>North Dakota</p>	<p>Unless a different rate is contracts for, the maximum interest rate is 6%. The maximum contract rate is 5.5% per year higher than the current cost of money but may not be less than 7%. All contracts must bear the same interest rate after maturity as they bear before maturity. Any contract attempting to make the interest rate higher after maturity is void as to the increase of interest, except for a charge for late payment in addition to interest. Exceptions are provided at N.D. Cent. Code §47-14-09.</p>	<p>N.D. Cent. Code § 47-14-01 et seq.</p>
<p>Ohio</p>	<p>Parties to a written agreement may stipulate to the payment of interest at any rate not exceeding 8% per year payable annually. The parties may agree to a higher rate under the conditions stated in ORC Ann. 1343.01 (B).</p>	<p>ORC Ann. 1343.01 et seq.</p>
<p>Oklahoma</p>	<p>The legal interest rate is 6% per year in the absence of a contract; however, the parties can agree to any rate that does not violate the law.</p>	<p>15 Okl. St. § 262 et seq.</p>
<p>Oregon</p>	<p>The legal interest rate, absent an agreement to the contrary, is 9% per year. Interest up to 12% per year may be charged on business or agricultural loans of \$50,000 or less. The interest rate on those in excess of \$50,000 cannot exceed the greater of 12% or 5% in excess of the discount rate on 90-day commercial paper. Exceptions are stated at ORS §82.025.</p>	<p>ORS § 82.010 et seq.</p>
<p>Pennsylvania</p>	<p>Absent a written contract, the maximum interest rate for a loan up to \$50,000 is 6% per year. The legal interest rate is 6%. The maximum interest rate for residential mortgages is equal to the Monthly Index of Long Term US Government Bond Yields for the second preceding calendar month, plus an additional 2.5% per year. Federally guaranteed loans are excepted.</p>	<p>41. P.S. § 201</p>

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Rhode Island	The maximum legal interest rate is 21%, with an alternate rate of 9% plus the domestic prime rate. Such does not apply to commercial, non-residential loans in excess of \$1,000,000, pawnbrokers, or R.I. Gen. Laws §6-26.1 et seq.	R.I. Gen. Laws § 6-26-1 et seq.
South Carolina	Legal interest is at the rate of 8.75% per year unless otherwise stated in the parties' agreement.	S.C. Code Ann § 34-31-20 et seq.
South Dakota	There is no maximum interest rate or charge of usury rate restriction in South Dakota between or among persons, corporations, limited liability companies, estates, fiduciaries, associations, or any other entities if the interest rate has been established by written agreement. The rate is 12% when there is no such agreement. Exceptions are provided at S. D. Codified Laws §54-3-5.	S.D. Codified Laws § 54-3-1 et seq.
Tennessee	The general maximum effective interest rate is 10% per year unless otherwise provided by law or contract.	Tenn. Code Ann § 47-14-101 et seq.
Texas	The maximum interest rate is 10% a year unless otherwise provided by law. Where no interest rate has been agreed upon, the rate is 6% per year.	Tex. Finance Code § 302.001 et seq.
Utah	The legal interest rate is 10% per year unless the parties specify a different rate by agreement.	Utah Code Ann § 15-1-1 et seq.
Vermont	The legal interest rate is 12% per year computed by the actuarial method. Different rates apply in certain circumstances, pursuant to 9 V.S.A §41a (b), and there are specific provisions for rent-to-own arrangements.	9 V.S.A § 41a et seq.
Virginia	The legal rate of interest shall be an annual rate of six percent	§ 6.2-301

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<p>Washington</p>	<p>In the absence of a written agreement, the legal interest rate is 12% per year. Any interest rate is legal so long as the rate does not exceed the higher of 12% per year or 4% points higher than the equivalent coupon yield of the average bill rate for 26-week treasury bills. Exceptions include those for retail installment transactions, broker-dealers, deferred payments of purchase price sales contracts, and delinquent property taxes.</p>	<p>Rev. Code Wash § 19.52.005 et seq.</p>
<p>West Virginia</p>	<p>In the absence of a written agreement or where otherwise provided by law, the legal interest rate is 6% per year. Parties may contract in writing for the payment of interest at a rate not to exceed 8% for a year. Loans on certain residential real estate may be made at a rate not to exceed 9% per year. Certain business debts are exempt, pursuant to W. VA. Code §47-6-11.</p>	<p>W. Va. Code § 47-6-1 et seq.</p>
<p>Wisconsin</p>	<p>The legal interest rate is 5% per year unless the parties contract otherwise or as provided by law. There are specific provisions for residential mortgage loans, variable rate contracts, interest adjustment provisions, reverse mortgage loans, licensed lenders, pawnbrokers, and insurance premium finance companies.</p>	<p>Wis. Stat. § 138.01 et seq.</p>
<p>Wyoming</p>	<p>Where there is no agreement, the legal interest rate is 7%. There are specific parts dealing with credit sales, disclosure and advertising, limitations on agreements and practices, home solicitation sales, sales other than consumer credit sales, sales financing, loans, and insurance.</p>	<p>Wyo. Stat. § 40-14-106 et seq.</p>