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Sen. Lockman & Sen. Pinkney
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Wilson-Anton; Sens. Ennis, Hansen, Sokola

HOUSE OF REPRESENTATIVES
151st GENERAL ASSEMBLY

HOUSE BILL NO. 181

AN ACT TO AMEND TITLE 5 OF THE DELAWARE CODE RELATING TO INTEREST RATES ON LOANS TO INDIVIDUALS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend § 2229, Title 5 of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline as follows:

3 § 2229. Interest.

4 A (a) Except as limited under subsection (b) of this section, a licensee may charge and collect interest in respect of
5 a loan at such daily, weekly, monthly, ~~annual~~ annual, or other periodic percentage rate or rates as the agreement governing
6 the loan provides or as established in the manner provided in ~~such~~ the agreement and may calculate ~~such~~ interest by way of
7 simple interest or ~~such~~ other method as the agreement governing the loan provides. If the interest is precomputed it may be
8 calculated on the assumption that all scheduled payments will be made when due. For purposes ~~hereof~~, of this section, a
9 year may ~~but need not~~ be a calendar year and may be ~~such~~ a period of from 360 to 366 days, including or disregarding leap
10 year, as the licensee may determine.

11 (b) The annual percentage rate for a short-term consumer loan may not exceed 20%.

12 Section 2. Amend Subchapter V, Chapter 22, Title 5 of the Delaware Code by making deletions as shown by strike
13 through and insertions as shown by underline as follows:

14 § 2262. Interest.

15 The annual percentage rate for a title loan may not exceed 20%.

SYNOPSIS

Delaware is one of a handful of states that has no cap other than unconscionability on interest rates for short-term consumer loans. Under Delaware case law, the unconscionability of an interest rate is decided by a court on a case by case basis. This Act caps interest rates at 20% for short-term consumer loans of \$1,000 or less that must be repaid in less than 60 days and motor vehicle title loans.

This Act also makes technical corrections to conform existing law to the standards of the Delaware Legislative Drafting Manual.