

**TITLE 12 - BANKS AND BANKING**  
**CHAPTER 2 - NATIONAL BANKS**  
**SUBCHAPTER IV - REGULATION OF THE BANKING BUSINESS; POWERS AND DUTIES OF NATIONAL BANKS**

**§ 85. Rate of interest on loans, discounts and purchases**

Any association may take, receive, reserve, and charge on any loan or discount made, or upon any notes, bills of exchange, or other evidences of debt, interest at the rate allowed by the laws of the State, Territory, or District where the bank is located, or at a rate of 1 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal reserve bank in the Federal reserve district where the bank is located, whichever may be the greater, and no more, except that where by the laws of any State a different rate is limited for banks organized under State laws, the rate so limited shall be allowed for associations organized or existing in any such State under title 62 of the Revised Statutes. When no rate is fixed by the laws of the State, or Territory, or District, the bank may take, receive, reserve, or charge a rate not exceeding 7 per centum, or 1 per centum in excess of the discount rate on ninety day commercial paper in effect at the Federal reserve bank in the Federal reserve district where the bank is located, whichever may be the greater, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run. The maximum amount of interest or discount to be charged at a branch of an association located outside of the States of the United States and the District of Columbia shall be at the rate allowed by the laws of the country, territory, dependency, province, dominion, insular possession, or other political subdivision where the branch is located. And the purchase, discount, or sale of a bona fide bill of exchange, payable at another place than the place of such purchase, discount, or sale, at not more than the current rate of exchange for sight drafts in addition to the interest, shall not be considered as taking or receiving a greater rate of interest.

(R.S. § 5197; June 16, 1933, ch. 89, § 25, 48 Stat. 191; Aug. 23, 1935, ch. 614, title III, § 314, 49 Stat. 711; Pub. L. 93–501, title II, § 201, Oct. 29, 1974, 88 Stat. 1558; Pub. L. 96–104, title I, § 101, Nov. 5, 1979, 93 Stat. 789; Pub. L. 96–161, title II, § 201, Dec. 28, 1979, 93 Stat. 1235; Pub. L. 96–221, title V, § 529, Mar. 31, 1980, 94 Stat. 168.)

**References in Text**

Title 62 of the Revised Statutes, referred to in text, was in the original “this Title” meaning title LXII of the Revised Statutes, consisting of R.S. §§ 5133 to 5244, which are classified to sections 21, 22 to 24a, 25a, 26, 27, 29, 35 to 37, 39, 43, 52, 53, 55 to 57, 59 to 62, 66, 71, 72 to 76, 81, 83 to 86, 90, 91, 93, 93a, 94, 141 to 144, 161, 164, 181, 182, 192 to 194, 196, 215c, 481 to 485, 501, 541, 548, and 582 of this title. See, also, sections 8, 333, 334, 475, 656, 709, 1004, and 1005 of Title 18, Crimes and Criminal Procedure. For complete classification of R.S. §§ 5133 to 5244 to the Code, see Tables.

**Codification**

R.S. § 5197 derived from act June 3, 1864, ch. 106, § 30, 13 Stat. 108, which was the National Bank Act. See section 38 of this title.

Section 201 of Pub. L. 96–161, cited as a credit to this section, was repealed by section 529 of Pub. L. 96–221, effective at the close of Mar. 31, 1980. The amendment of this section by that repealed provision, described in the 1979 Amendments note below, shall continue in effect for limited purposes pursuant to section 529. See Savings Provisions note, describing the provisions of section 529 of Pub. L. 96–221, set out below.

Section 101 of Pub. L. 96–104, cited as a credit to this section, was repealed by section 212 of Pub. L. 96–161, effective at the close of Dec. 27, 1979. The amendment of this section by that repealed provision, described in the 1979 Amendments note below, shall continue in effect for limited purposes pursuant to section 212 of Pub. L. 96–161. See Savings Provisions note, describing the provisions of section 212 of Pub. L. 96–161, set out below. The amendment

*NB: This unofficial compilation of the U.S. Code is current as of Jan. 5, 2009 (see <http://www.law.cornell.edu/uscode/uscprint.html>).*

by Pub. L. 96–104, § 101, was duplicated with identical language in the amendment made by Pub. L. 96–161, § 201. See 1979 Amendments note below.

Section 201 of Pub. L. 93–501, cited as a credit to this section, was repealed by Pub. L. 96–104, § 1, Nov. 5, 1979, 93 Stat. 789. The amendment of this section by that repealed provision, described in the 1974 Amendment note set out under this section, was duplicated in 1979 with identical language under section 101 of Pub. L. 96–104. See 1979 Amendments note below.

## Amendments

1980—Pub. L. 96–221 repealed Pub. L. 96–104 and title II of Pub. L. 96–161, resulting in the striking out of “or in the case of business or agricultural loans in the amount of \$25,000 or more, at a rate of 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located,” before “whichever may be the greater” in two places. See Codification and 1979 Amendment notes under this section.

1979—Pub. L. 96–161 inserted provisions relating to a 5 per centum interest rate on business or agricultural loans in the amount of \$25,000 or more that were identical to provisions inserted earlier by Pub. L. 96–104. See Codification note above.

Pub. L. 96–104 substituted “or in the case of business or agricultural loans in the amount of \$25,000 or more, at a rate of 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located, whichever may be the greater” for “whichever may be the greater” in two places. See Codification note above.

1974—Pub. L. 93–501 substituted “or in the case of business or agricultural loans in the amount of \$25,000 or more, at a rate of 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located, whichever may be the greater” for “whichever may be the greater” in two places.

1935—Act Aug. 23, 1935, inserted third sentence.

1933—Act June 16, 1933, authorized interest at the alternative rate of 1 per centum in excess of the discount rate on ninety-day commercial paper in effect at the federal reserve bank in the Federal reserve district where the bank is located if greater.

## Effective Date of 1980 Amendment

Section 529 of Pub. L. 96–221 provided that the amendment made by that section is effective at the close of Mar. 31, 1980.

## Effective Date of 1979 Amendments

Section 207 of Pub. L. 96–161, which provided that amendment by Pub. L. 96–161 was applicable to loans made in any State during the period beginning on Dec. 28, 1979, and ending on the earliest of (1) in the case of a State statute, July 1, 1980; (2) the date, after Dec. 28, 1979, on which such State adopts a law stating in substance that such State does not want the amendment of this section made by Pub. L. 96–161 to apply with respect to loans made in such State; or (3) the date on which such State certifies that the voters of such State, after Dec. 28, 1979, have voted in favor of, or to retain, any law, provision of the constitution of such State, or amendment to the constitution of such State which prohibits the charging of interest at the rates provided in the amendment of this section by Pub. L. 96–161, was repealed by Pub. L. 96–221, title V, § 529, Mar. 31, 1980, 94 Stat. 168.

Section 107 of Pub. L. 96–104, which provided that amendment by Pub. L. 96–104 was applicable to loans made by any State during the period beginning on Nov. 5, 1979, and ending on the earlier of July 1, 1981, or the date after Nov. 5, 1979, on which such State adopts a law stating in substance that such State does not want the amendment of this section to apply with respect to loans made in such State, or the date on which such State certifies that the voters of such State have voted in favor of, or to retain, any law, provision of the constitution of such State, or amendment of the constitution of such State, which prohibits the charging of interest at the rates provided in the amendment of this section, was repealed by Pub. L. 96–161, title II, § 212, Dec. 28, 1979, 93 Stat. 1239.

## Effective and Termination Dates of 1974 Amendment

Section 206 of Pub. L. 93–501, which provided that amendment by Pub. L. 93–501 applicable to loans made in any state after Oct. 29, 1974, but prior to the earlier of July 1, 1977, or the date (after Oct. 29, 1974) of enactment by the state of a law prohibiting the charging of interest at the rates provided in the amendment of this section, was repealed by Pub. L. 96–104, § 1, Nov. 5, 1979, 93 Stat. 789.

## **Savings Provisions**

Section 529 of Pub. L. 96–221 provided in part that, notwithstanding the repeal of Pub. L. 96–104 and title II of Pub. L. 96–161, the provisions added to this section by those repealed laws shall continue to apply to any loan made, any deposit made, or any obligation issued in any State during any period when those provisions were in effect in such State.

Section 212 of Pub. L. 96–161 provided in part that, notwithstanding the repeal, effective at the close of Dec. 27, 1979, of Pub. L. 96–104 [which had enacted sections 86a, 371b–1, 1730e, and 1831a of this title, amended sections 85, 1425b, and 1828 of this title and section 687 of Title 15, Commerce and Trade, repealed sections 371b–1, 1730e, and 1831a of this title and notes set out under sections 371b–1 and 1831a of this title, and enacted provisions set out as notes under this section and sections 86a, 371b–1, and 1831a of this title], the amendment which had been made by title I of Pub. L. 96–104 and the provisions of that title would continue to apply to any loan made in any State on or after Nov. 5, 1979, but prior to the repeal of Pub. L. 96–104, and that the amendments made by title II of Pub. L. 96–104 would continue to apply to any deposit made or obligation issued in any State on or after Nov. 5, 1979, but prior to the repeal of Pub. L. 96–104.

Section 1 of Pub. L. 96–104 provided in part that, notwithstanding the repeal of titles II and III of Pub. L. 93–501 [which had enacted sections 371b–1, 1730e, and 1831a of this title, amended sections 85, 1425b, and 1828 of this title, and section 687 of Title 15, Commerce and Trade, and enacted provisions set out as notes under sections 371b–1 and 1831a of this title], the amendments which had been made by title II of that Act and the provisions of such title would continue to apply to any loan made in any State during the period specified in section 206 of such Act [set out as a note under section 1831a of this title] and that the amendments which had been made by title III of such Act would continue to apply to any deposit made or obligation issued in any State during the period specified in section 304 of such Act [set out as a note under section 371b–1 of this title].

## **Choice of Highest Applicable Interest Rate**

In any case in which one or more provisions of, or amendments made by, title V of Pub. L. 96–221 [enacting sections 86a, 1730g, 1735f–7a, 1785 (g), and 1831d of this title and section 687 (i) of Title 15, Commerce and Trade, and enacting provisions set out as notes under sections 86a, 1730g, and 1735f–7 of this title], section 1735f–7 of this title, or any other provisions of law, including this section, apply with respect to the same loan, mortgage, credit sale, or advance, such loan, mortgage, credit sale, or advance may be made at the highest applicable rate, see section 528 of Pub. L. 96–221, set out as a note under section 1735f–7a of this title.

## **States Having Constitutional Provisions Regarding Maximum Interest Rates**

Section 213 of Pub. L. 96–161 provided that the provisions of title II of Pub. L. 96–161, which amended this section, repealed provisions which had formerly amended this section, and enacted provisions set out as notes under this section, to continue to apply until July 1, 1981, in the case of any State having a constitutional provision regarding maximum interest rates.