

360.010 Legal interest rate -- Agreement for higher rate -- Contract or obligation -- Interest after default -- Minimum charge for negotiated bank loan.

- (1) Except as provided in KRS 360.040, the legal rate of interest is eight percent (8%) per annum, but any party or parties may agree, in writing, for the payment of interest in excess of that rate as follows:
 - (a) At a per annum rate not to exceed four percent (4%) in excess of the discount rate on ninety (90) day commercial paper in effect at the Federal Reserve Bank in the Federal Reserve District where the transaction is consummated or nineteen percent (19%), whichever is less, on money due or to become due upon any contract or other obligation in writing where the original principal amount is fifteen thousand dollars (\$15,000) or less; and
 - (b) At any rate on money due or to become due upon any contract or other obligation in writing where the original principal amount is in excess of fifteen thousand dollars (\$15,000).
- (2) Any party or parties to a contract or obligation described in subsection (1) of this section, and any party or parties who may assume or guarantee the contract or obligation, shall be bound, subject to KRS 371.190, for the rate of interest as is expressed in the contract, obligation, assumption, or guaranty, and no law of this state prescribing or limiting interest rates shall apply to the agreement or to any charges which pertain thereto or in connection therewith.
- (3) The party entitled to be paid in any written contract or obligation specifying a rate of interest shall be entitled to recover interest after default at the rate of interest as is expressed in the contract or obligation prior to the default and that interest rate shall be the interest rate for the purpose of KRS 360.040(3). If the interest rate expressed in the contract or obligation is a variable rate, the interest rate after default and until judgment shall be calculated and adjusted as provided in the contract or obligation prior to the default.
- (4) The party entitled to be paid in any written contract or obligation not specifying a rate of interest or to which no interest rate otherwise applies shall be entitled to recover interest after default and until judgment at the legal rate of interest.
- (5) Nothing in this section shall be construed to amend, repeal, or abrogate any other law of this state pertaining to any particular types of transactions for which the maximum rate of interest is specifically prescribed or provided.
- (6) Any state or national bank may charge ten dollars (\$10) for any loan negotiated at the bank in this state, even if the legal interest does not amount to that sum.

Effective: July 14, 2018

History: Amended 2018 Ky. Acts ch. 140, sec. 1, effective July 14, 2018. -- Amended 2017 Ky. Acts ch. 17, sec. 3, effective June 29, 2017. -- Amended 1980 Ky. Acts ch. 77, sec. 1, effective April 1, 1980. -- Amended 1974 Ky. Acts ch. 321, sec. 1. -- Amended 1972 Ky. Acts ch. 216, sec. 1. -- Amended 1970 Ky. Acts ch. 67, sec. 2. -- Amended 1966 Ky. Acts ch. 234, sec. 1. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 2218.